THE BUSINESS WEEK

FOR THE WEEK ENDING OCTOBER 5, 1929

A McGRAW-HILL PUBLICATION

15 CENTS

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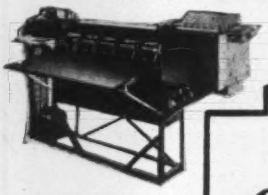

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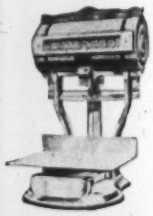

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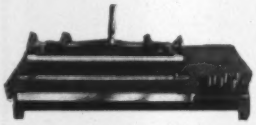

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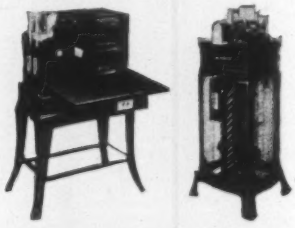

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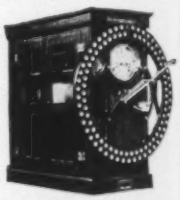

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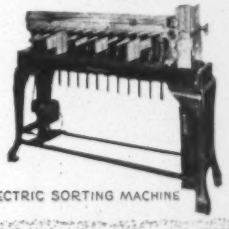

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The Business Week

WITH WHICH IS COMBINED THE MAGAZINE OF BUSINESS

A JOURNAL OF BUSINESS NEWS AND INTERPRETATION

FOR THE WEEK ENDING
OCTOBER 5, 1929

Business Outlook—Unsettled, Slightly Warmer

BUSINESS has had a slight fit of the blues—chiefly brokers' blues due to the chill in the market during the past week or so. This is only a morning-after headache. Business is not collapsing; it is merely settling down to a normal pace after a fairly long spree of excessive activity, and the let-down feels worse than it is.

A spot of sunshine broke through the clouds this week when the pace of steel production quickened slightly, though the market, as usual, exaggerated its importance as a promise of fair weather. In view of conditions in the automobile field, it would be surprising if there could be much increase in steel activity soon. The present rate itself is nothing to sniff at, and the steel business has seen worse.

Most other indicators, too, show a level of business perhaps not so high as some months ago, but hardly justifying the solemn, portentous tone of the news oracles in recent days. It is too early, though, to say that all clouds have rolled away. Credit conditions clothe the distant prospect in an anxious and uncertain fog which the bankers' discussions in California have not dissipated. Nor have the tariff debates in the Senate yet yielded a chart by which business can plot its future course in the currents of world commerce. The outcome of these uncertainties will be slow to show, and business is bound to be unsettled by them for long.

But for the present business is quite safe, and holds steady.

Flexible Tariff Broken by Senate

THE action of the Senate in taking from the President the power to make changes in specific tariff rates, under the so-called flexible provision which has been a feature of our tariff since 1922, is not so much of a catastrophe as it seems to be at first sight. It is, of course, chiefly a political gesture—the third the Senate has made so far under the Hoover administration—by way of rebuffing the President, who unfortunately invited it by his strong statement in favor of tariff flexibility.

Senators can safely indulge in a gesture of this kind because their constituents do not understand the significance of administrative features of the tariff as much as they do particular rates upon special commodities in which they are interested.

This question of flexibility has a long way to go before it will be settled—through discussions in conference committee where some agreement will have to be reached with the House, which stands behind the flexible provision. It offers excellent bargaining material for the various senatorial blocs when questions of rates come up. There will be additional delay, but since, on this point, the House will not agree with the Senate in conference over the bill, some senators will probably trade their prejudices against flexibility for concessions on specific rates, and the President will finally win out.

In the debates on this provision the emphasis upon the encroachment of presidential authority upon Congress is largely buncombe in this day and age. In every large industrial country, the responsible head of the government has

had to be given the power to make some changes in tariffs within the limitations of the general policy laid down by the legislature. Conditions of industry and commerce change too fast and frequently to permit specific tariff adjustments to be made only by the cumbersome and unwieldy process of legislative action.

The real issue here is not as to the competence of Congress but as to the competence of the advice upon which the President shall act. Nothing will be gained by retaining presidential authority in this matter unless it is safeguarded and strengthened by setting up a Tariff Commission of the strongest kind. This is where the flexibility of the past seven years has been notoriously flabby.

The tariff adjustment procedure provided for in the Simmons-Norris amendment to the Senate Bill does nothing to improve matters in this respect. It gives Congress far more radical powers than it takes from the President. For flexibility, it substitutes uncertainty and chaos. It sets no limit to the rate changes that the Tariff Commission may recommend and Congress make. They may be increased or decreased to any extent, and articles may be put on or taken off the free list.

Instead of one meaningless standard by which the Tariff Commission is to judge the necessities of change—"differences in cost of production"—it sets up seven equally meaningless standards. Nothing at all is said about the character of the Tariff Commission. Doubtless its character as well as that of Congress will remain the same, and in such a situation it is unimaginable that tariff adjustments would be made any more scientifically or speedily than under the prevailing system.

The one thing certain is that the uncertainty and instability of the tariff would be made chronic. On the whole, in face of this necessary evil of tariff making, business has less to lose under the present system—and this applies to the whole tariff bill.

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Automobile Industry Loses Momentum

THE expected decline in automobile production has arrived. Output for September is estimated at 405,000 cars and trucks. In August, production was 500,000 units and in September, 1928,

it was 415,000. It is about time to slow down. Total nine months' output this year has been about 4,640,000. This is 300,000 units more than were produced during 1928, the previous record year.

Ford is the answer. His plants have been operating at capacity and breaking all-time records month after month. Many other makers have been operating on smaller schedules than during 1928. This is particularly true of the last three months when the rapid growth of new car stocks became alarming. Ford still has a large part of the Model T replacement market ahead of him. At least 5,000,000 old Fords were in use when the Model A appeared. His sales are keeping up with record output. His new model, reported in THE BUSINESS WEEK last week, should still further improve sales.

An estimate by the National Automobile Chamber of Commerce, usually ultra-conservative, places new car stocks at 200,000 higher than a year ago. Ford is responsible for some of this increase. His dealers had practically no stocks a year ago. Other makers have contributed lavishly to full and overflowing showrooms. Apparently new cars are to be found on used car lots in various cities.

Most automobile companies enjoyed good business during the first half of the year and made satisfactory earnings. Prospects for the last half are not so bright.

Most companies are trying hard to regain their sales volume. Some are successful. The new Packards, with four-speed transmissions, are reported to be selling well. The new Buicks seem to be regaining many old-time friends who would have nothing to do with the bulging bodies of a year or so ago. Chrysler and Dodge are not going so well. Dodge output has been falling off quite steadily. This year's record is worse than that of 1928 which was quite bad enough.

There are rumors that one well-known maker is about to put over a fast one. He is one of three leading exponents of six cylinder cars. His two rivals have already announced 1930 models, both sixes. Now he is reported on the verge of announcing an eight. In fact, you may suspect any six selling for $1,000 or more of flirting with the notion of a couple of more cylinders.

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Another "Biggest Bank In World"

GERMANY has provided a new record for comprehensive bank merging. The Deutsche and the Discontogesellschaft banks have consolidated to form a new institution including 25% of all bank resources in Germany, 40% of all those in Berlin. Deposits of the new institution total about $1,200,000,000. The new bank is a rival of the National City of New York and Midland of London for the title, "world's biggest."

Most of the banking business in Germany is done by six huge banks, the two largest of which have effected this merger. This latest action so dwarfs the remaining institutions that mergers among them are expected to result. Reports that the National City Bank of New York was buying into the new bank were denied. The event serves to illustrate further the banking trend in progress throughout the world.

Britain Wants Share of Soviet Trade

REPORTS from England indicate that the Labor government and the Soviet government are about to make up. Diplomatic relations have been broken since the Baldwin government's row with the Russian trading companies operating in Great Britain, who were suspected by the Conservative officials to be engaged in something other than trading. In fact, Russo-British trading relations through the State agencies set up by the Soviet government had never been satisfactory from the political point of view, although quite a large business was done for a while between the Russian agricultural co-operatives and the British co-operative consumers' societies.

More annoying than the political activities of the Soviet government within Great Britain, were the little pieces of high explosive propaganda which the Soviets had been strewing about the delicate patches of the world-wide British Empire, with which Russia rubs elbows at many spots.

Now enormous trading prospects are opening to the western nations with the development of Russian reconstruction plans, described elsewhere in this issue. Great Britain, with her restless business temperament, can no longer sit by on an uncomfortable point of honor or political principle, and see other countries—especially the United States—carry away the lion's share of Russian trade. Though the United States is doing this without recognition of the Soviet régime—or perhaps with very keen recognition of it—Britain feels that political relations must be resumed as a preliminary to the kind of commercial relations in which she is interested.

Accordingly, it is now settled that the two governments will exchange ambassadors and formally continue the discussion of the points still at issue between them. Beside the question of whether the Soviet is to try to control the activity of communist propagandists throughout the British Empire, the principal question is that of an adjustment of the Russian debts to Great Britain, which nominally run to two or three billion dollars.

It has long been known that this question of Russian debt settlement has played an important part in British policies, even at The Hague. If Britain can secure some recognition of these debts, not only will her own financial position be strengthened, but further she will assume a priority among the western countries having a capitalistic interest in Russia. Probably Great Britain is more interested, by tradition, in the opportunity of financing Russian reconstruction than she is in day-to-day trading advantages such as the United States is now enjoying. It is understood, nevertheless, that the big British banks already have the consent of the government to grant credits to the Soviet for purchases of British goods. These are to be arranged through the Midland Bank for not more than $60,000,000.

Apparently the competition for Russian trade is going to be keener. With more competitors in the field, the pressure to grant easier terms will be increased. So far it has been possible for the United States to go slowly, and yet get a larger share of the business. For the fiscal year ending September 30, Soviet-American trade was nearly $150,000,000, or three times as much as prewar. Last week six new ships were chartered by the Export Steamship Corporation for the Russian trade. Two hundred vessels are said already to be in the service.

It is a game with large stakes, exciting and perhaps dangerous.

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Year's Fourth Quarter and Its Problems

THE last quarter of 1929 opened this week with the financial world facing a large number of perplexing problems. Instead of nearing the edge of the woods, we find the forest still extends in every direction.

Money rates are high and no real prospect for cheaper money appears. Last week saw rates tighten in Europe. The quarter opens with the Bank of England still losing gold, especially as France withdraws its huge balances in response to internal demands for funds. That the unusually high 6½% rate has not proved fully effective is a black cloud. France now holds the center of the stage. Its huge foreign balances permit it to cause any important financial market great discomfiture. And the Bank of France is developing attributes of a gold hoarder.

The United States has hopes, but not many actual developments toward a better situation. September saw the largest decline of the year in the stock market. Yet funds absorbed by speculation increased. Time funds rule at 9% to 9¼%, equal to the highest rate in effect in recent years.

Unsecured, or commercial, loans of reporting member banks of the Federal Reserve system reached a new high record for all time at the end of the quarter, an increase of half a billion dollars since early summer. In view of the high level of business activity, this growth might have been expected sooner. Increasing business demands larger funds. Loans of these banks on securities continue at a high level. Brokers' loans are of course at a skyhigh total, although much of the funds are from non-bank lenders. This rather lends an air of unsteadiness, however, as heavy with-

drawal might be effected at any time. Non-bank lenders have not the responsible feeling to their customers that banks have.

The Federal Reserve system is a tower of strength in the situation, but its policy is toward tight credit. The system is in a strong and highly liquid position with its gold reserves large. But this position has only been achieved by the most unusual efforts throughout the year. The system is most unlikely to change its policy. The credit it is now extending through bill purchases to aid autumn demands will be drawn in at the end of the year if present policy and past practice are followed.

The investments of member banks have declined to an unusually low point. Securities have been sold in order to obtain funds to meet credit demands without borrowing from the Federal Reserve. This development has led to charges that many banks enter the last quarter "overloaned."

Demand for funds by industry, business and speculation shows no signs of abatement, either in the public markets or from the banks. New financing by sale of securities for the first nine months of the year has totaled $7,041,742,724 according to *Journal of Commerce* compilation. This total is but slightly less than for the same period of last year. Borrowers' funds are being obtained through sale of securities, many of them stocks. The companies are thus avoiding payment of interest which would be necessary in the event of bank loans.

The domestic credit demand has been such that we no longer lend appreciable amounts for foreign countries. We are rather drawing their funds here, leaving many of them in real need of capital. While railroad and public utility offerings are smaller, investment trust, industrial, municipal and real estate financing has grown.

The banking community enters the quarter in the midst of a struggle in the evolution of domestic banking. Consolidations, mergers and holding companies tend to unsettle conditions, as an evolution toward some yet undefined state of banking is in progress. Bankers are harassed, in addition, by Federal Reserve demands on one side and customer demands and dissatisfaction with high rates on the other.

The whole financial community is

facing the extremely disrupting influence of some Congressional investigation and action. Brokers' loans, speculation, bank mergers, investment trusts and anything else about which Congressmen have ever heard may be involved before the move in ended. The Federal Trade Commission also is headed toward a utility and holding company investigation which will not tend toward stability. The tariff still lends much uncertainty.

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Europe Kills Free Trade Attempt

WHILE the statesmen of Europe were talking piously of a European federation in which tariff walls would be leveled, the first real effort to remove obstacles to international trade by international agreement was allowed to die, without a mourner, on September 30. This was the League of Nations convention for the abolition of import and export prohibitions and restrictions which had been drawn up at Geneva a year ago and was to have come into force when eighteen nations should have ratified it before September 30. The object of this agreement was to remove a great many arbitrary and annoying features of the tariff laws of this large group of nations, which experience had shown to be useless obstructions to trade.

In spite of the last hour efforts of the United States and several other governments, only seventeen ratifications could be secured before the deadline was reached. Up to a fortnight ago only twelve countries had signed on the dotted line, and the League Assembly sent out an urgent appeal for the others to join. The United States Senate suspended its tariff debates long enough to ratify the agreement on September 19 with a slight reservation. Through it, importers and exporters in the United States would have benefited substantially.

Conspicuous by their absence on the list of those who were willing to join in this concrete effort toward freer international trade were Germany, Poland, Czecho-Slovakia—three of the nations whose representatives had been most eloquent at Geneva in support of the idea of the United States of Europe.

This episode brilliantly illuminates the glass houses in which live some of the European countries who have lately been heaving cobble stones at the United States for obstructing international trade through our tariff policy.

This failure may not be permanent, however, because the Secretary of the League is empowered to call a conference of those who have ratified the agreement to allow them to decide whether they wish to let it go into force, at least among themselves. This, though, would not cover the worst offenders, the countries mentioned above, whose trade prohibitions and restriction have been so annoying that the convention specifically stipulated that their joining the agreement was essential for its successful enforcement.

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Wide Hole In Child Labor Laws

CHILD labor laws are frequently inadequate outside factories. Especially in distribution employment, children are found working longer hours than are legally permitted their parents. The U. S. Department of Labor has reported a study of the operation of child labor laws in Paterson and Newark, N. J.

In 1927 there were 5,983 children known to be regularly employed in these two cities. In Newark 8% of them were under 10 years old. The law forbids children under 16 working in manufacturing establishments. The largest group of employed were doing street sales work; next those in stores, chiefly as delivery boys.

The report reveals another place where in the past our study and analysis of manufacturing has for years been accompanied by disregard of distribution and its problems.

FOR THE BUSINESS WEEK

THE HONEYMOON IS OVER

Utilities ▶

Detroit Edison Builds $75 Range

ALEX DOW, president of Detroit Edison, who once fired his night shift engineer named Henry Ford, is attempting to do with the electric range what his former employe did with the automobile—take it out of the luxury class and put it within reach of the multitude. Less than a month ago he placed on the market an electric stove, called the "Electrochef," priced at $85, about one-third what an electric range used to cost. Already the company reports 70,000 unfilled orders, and the price has been reduced to $75.

The idea of manufacturing a low-priced electric range may have originated with Detroit Edison's sales-manager, who is a woman and knows that women like to cook with electricity because of its safety and cleanliness. Hitherto, however, the use of electricity in cooking has lagged because of high initial cost and high cost of operation, and because most electric stoves heat more slowly than gas ranges. The electric range has not been widely sold except in some sections of the far West, where gas is more expensive than electricity. The new stove costs little more than a gas range, it heats quickly, and with widespread use may help to reduce the price of current.

Mr. Dow is not trying to build up a manufacturing business; his sole interest continues to be the sale of kilowatt hours. But he knew that power companies would be greatly benefited if more homes used ranges or other devices of large energy consumption. So Detroit Edison engineers got busy. They hired Warren Noble, a consulting engineer whose experience had been almost entirely with production problems in Detroit automobile factories. They discarded at once the idea that an electric range must resemble a gas range, just as a gas range resembles an ordinary wood stove, and set out to produce something new, something that would be simple to operate, quick to cook, handsome in appearance, and of such construction that it could be made in quantities at an attractive price. The new stove in no wise resembles any other cooking apparatus—but the oven comes up to 400 degrees in five minutes and uses much less current than electric stoves of the old type. Also it is made in a production line, with familiar automobile mass methods.

As was to be expected, range manufacturers looked with great disfavor upon Detroit Edison's manufacturing venture and at one time contemplated court action to prevent production of the new stove. If the range program works out satisfactory, Detroit Edison may make other appliances.

P & A Photo

BANKERS' BIG CHIEF

John G. Lonsdale of St. Louis, new president of American Bankers' Association

Utilities ▶

Power Producers Plan Economies

THE electrical industry has a job on its hands. Investment costs per kilowatt of capacity are increasing; revenue per dollar of investment is decreasing.

A survey by industry leaders, completed recently, reveals the following possibilities for reducing production costs and indicates impending developments in the field:

In generation of electrical energy: installation in central stations, of larger turbines, and larger boilers operated at higher ratings. Construction of one complete station to take the place of two.

In transmission: development of methods for warding off lightning. Lightning necessitates duplicate lines, complicated relaying, expensive protective devices, and enormous insulation factors of safety. The industry is penalized millions of dollars because of present ignorance of lightning.

In distribution: application of engineering and management talent to a program of intensified load building, which is the industry's term for increasing the demand for electrical energy. This field is considered to hold the most possibilities.

Utilities ▶

Gas Research Promises Advances

BETTER gas without asphyxiation hazards was predicted at the meeting of the American Gas Association. Oscar H. Fogg, president, said research now being carried on should provide many improvements in the use of gas during the next few years. Gas which requires no addition of air and no burner regulation was one promise. Elimination of toxic effects from gas was another. Lower costs, better rate structures and wider applications of gaseous fuels were also predicted as a result of investigation now under way.

Utilities ▶

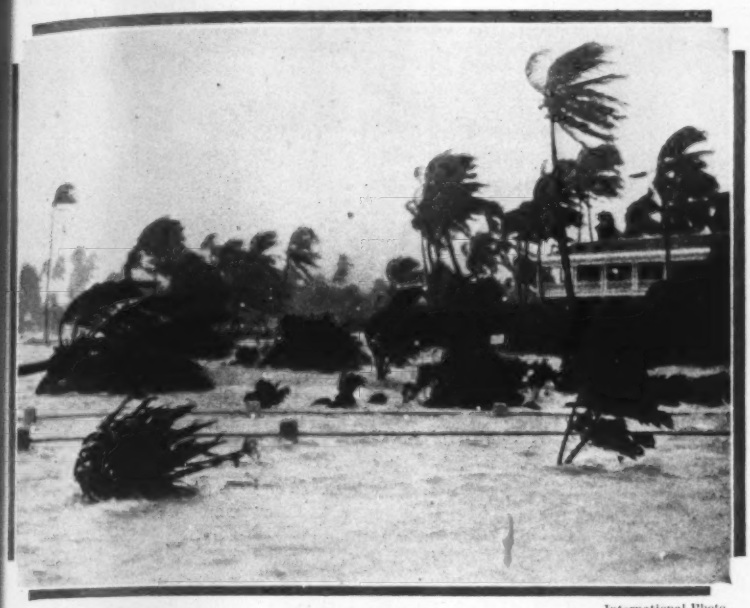
Electric Heat For Homes

LATEST experiments in the use of electricity for heating homes bear out what has been shown in other tests —that when cheaper power is available it will be popular.

An old two-story frame house covering about 1,350 square feet of ground in Erie, Pa., was used for a test. Twelve fin-type convection air heaters with a total of 720 square feet of radiating surface did the work. Each radiator was controlled by a thermostat which automatically opened or closed the circuit with varying room temperatures.

Throughout the season the first floor temperature was maintained at 70 degrees, day and night. Sleeping rooms were kept at 63 degrees during the day, somewhat cooler at night. Daily average consumption was 66.7 kilowatt hours.

With power rates where they are now this is expensive. A daily average consumption of 66.7 kilowatt hours per day is considerably better than the best record made in 18 test homes of Fort Wayne, Indiana. But even at this efficiency, the heating bill would be about



International Photo

THE GRAPEFRUIT STILL LIVES

Sixty-mile gale hits Miami and surrounding Florida territory, accompanied by heavy rains, but does little damage

$700 if the power rate were as low as five cents per kilowatt hour.

If domestic heating rates for electricity could be lowered to around 1½ or 2 cents per kilowatt hour, its use should expand greatly. Some of the advantages of electric heat are absolute cleanliness; absence of combustion or flames; automatic temperature control; no noise; no fuel shortage; heat available instantly when required.

To obtain these advantages many persons would be willing to pay more than they now pay for heat but no great number is likely to adopt electric heat while it remains so much more expensive than other kinds. Electrical experts maintain that even at low rates this service would be profitable to the utilities.

Finance ▶

Power Battle on New Front

STRUGGLE among rival banking groups for major utility properties has swerved to the Pacific Coast. Recent acquisition by Public Utility Holding Corporation, new Harris-Forbes interest, of the $90,000,000 Portland Electric Power Company of Oregon is a grand coup.

This is only the first step in building up of a vast public utility system on the west coast. It is generally conceded that competing financial groups have merger plans much bolder than was suspected a few weeks ago when skirmishing began. The consolidation drive is not confined to California utilities, but covers the entire Pacific coast region.

So far, Harris-Forbes' youngling, Public Utility Holding Corporation, has the lead. Inside of three weeks, it has taken control of the only large independent utility company that still existed on the Pacific coast, right under the noses of its more sophisticated rivals. Other utilities operating in this section are either controlled or supervised by a national system, or like the power plants of Seattle and Tacoma are municipally owned.

Only a few days ago, it will be recalled, this financial neophyte scared rivals by bidding for exchange of shares with Southern California Edison, Pacific Gas & Electric, and Pacific Lighting Corporation—three "key" utilities on the west coast in which they had an interest.

The complexion of utility ownership in Washington and Oregon is extremely mottled, but the names of owners have a familiar ring. Insull is the only major group not represented in Pacific Coast territory. Electric Bond & Share has largest holdings; Stone & Webster, the Byllesby group, Loch & Shaw, Inc., and Central States, and now Harris-Forbes —all are heavily interested.

Moves on the utility chess board keep one dizzy trying to watch them. First, the Morgan-Mellon swapping of Frontier Corporation; second, the formation by Harris-Forbes of Public Utility Holding Corporation and United States Electric Power, followed by frantic bidding for the three key utilities in the west; third, the hectic struggle for utility "islands" in and around the larger cities like New York, Boston, Baltimore, Detroit, and New Haven.

All these moves are merely incidents in the major attempt of large banking groups to concentrate control of utility properties into a few large systems. We must not lose sight of the forest for the trees.

Utilities ▶

Changing Aspects of City Traction

LONG-AWAITED figures on the extent to which motor buses have entered the city transportation field both in co-ordination with, and independent of, local street car companies, were issued this week by *Bus Transportation*.

Highlights of the survey, which included a study of local transportation in all cities with more than 10,000 population, are:

Approximately 540 cities now have urban bus service. In 186 of these, there is no other form of public transportation —buses do the whole job. There are 119 "all-bus" cities where service is operated by "independents," which is the industry's term for operating companies not affiliated with electric railways. In 64 "all-bus" cities, street car companies run the buses; in 3, both agencies function on the highway. In the communities served exclusively by buses there are 1,621 miles of route served by 1,086 buses. In 1922, there were only 15 "all-bus" cities with 123 miles of route and 178 vehicles.

Three hundred and fifty-seven cities have both bus and trolley service. In 262, buses are run in co-ordination with rail service. In 59, the buses are operated independently—are not owned or operated by the local street railway.

Eighteen per cent of the cities with

Herbert Photo

STRONG LINK IN CHAIN

A. G. Hoffman, president of the Great Atlantic & Pacific Tea Company, greatest grocery chain, says fewer stores mean bigger profits. *See page 42*

more than 10,000 population are served exclusively by buses; 39% have both buses and street cars.

Bus Transportation says:

"In many of the smaller cities buses are doing the whole transportation job, while in the larger places they are no longer found acting merely as feeders to outlying ends of existing rail lines. Instead, they have been put to work on routes where new or additional services are required, or for more economical operation. Often these opportunities have been presented through financial necessity where street rebuilding programs did not warrant added track investment. Co-ordinated systems of buses and trolleys have become the order of the day in the larger and medium sized cities.

"Financially, the buses are helping their parents, the trolleys, through lower investment as well as in enabling them to effect reductions in operating costs for equivalent service."

Transportation ▶

Caterpillar Boat Draws Two Feet

THOUSANDS of miles of shallow streams, particularly in the South, may be opened up to commerce by the development of caterpillar type tugboats which can operate in two or three feet of water and haul huge loads of freight. Standard Unit Navigation Company of St. Louis, recently placed the first fleet in operation on the Cumberland River. Other operations probably will be started soon.

The towboats have Diesel-electric motors. The caterpillar drive on each side of the boat consists of chains with blades attached much as buckets are put on chain elevators. Separate electric motors operate each caterpillar drive. The boat is steered by altering speed or direction of individual drives. The boat can be turned around within its own length.

Barges towed by the boats are like floating box cars. They are handled in fleets much as railcars are, and are coupled together similarly. They may be loaded through side doors or through the roof. Two sizes are used—in water over two feet deep, a barge holding the equivalent of five standard railroad freight cars; in shallower waters, a barge with capacity of two carloads.

Thus far the operation has been successful and a large amount of business has been picked up by the barges as they reach settlements never before visited by common carriers. There are thousands of miles of shallow waterways in the South which, when cleared of stumps and trees, can be opened to commerce by this new equipment. Its effect upon Southern development is likely to be great.

Finance ▶

Northwest Bank Nears 50 Units

WHILE 5,000 bankers have been assembled in San Francisco with attention focused on group and branch banking, Northwestern Bancorporation of Minneapolis, first organized of the larger group bank units—just nine months old this week—has been hanging up a new record in announcing bank acquisitions.

E. W. Decker, president, published Sept. 29 "the affiliation" of two more Montana banks, Great Falls National and Union Bank and Trust Company

International Photo

LIKES 'EM BIG

John W. Pole, Comptroller of the Currency, who recommended branch banking by national banks to the A. B. A. convention in San Francisco

of Helena, bringing total banks in the chain up to 38, combined resources to $360,000,000. Five of the 38, including the two just acquired, are stock yards banks.

An official said that while the San Francisco convention is in session, there probably would be announcement of new acquisitions to bring the total close to 50 banks, resources $400,000,000.

This is a beginning. All expansion so far has been with $75,000,000 authorized capital, of which $10,000,000 was sold for cash, and most of the remainder issued in exchange for stocks of banks acquired. Directors have just authorized $225,000,000 more, $300,000,000 in all. If this chain bank attains the customary 1 to 10 ratio of capital and surplus to total resources, then a three billion bank organization is forecast.

Northwest Bancorporation now has 94 directors elected, 100 authorized. With the Iowa-Des Moines National Bank and Trust Company, a $42,000,000

institution acquired a few days ago, came 11 new directors. Others came with the Midland National Bank & Trust Company, $25,000,000, largest remaining independent in Minneapolis, acquired Sept. 24. Hanford MacNider came with the First National of Mason City, Iowa; Julius Barnes with the First & American National of Duluth.

Counting local directors of each affiliated bank, 600 business leaders of the Northwest are officials in the Bancorporation system. Mining, railroads, manufacture, grain, agriculture are all represented.

The speed with which Northwestern Bancorporation has been moving is accounted for in part by its concentration of executive responsibility in two men. E. W. Decker, president, and his right-hand man, J. C. Thomson, vice-president and general manager, are moving spirits.

Northwestern Bancorporation and First Bank Stock Corporation are rivals. In reporting Sept. 7 the fact that the First Bank Stock Corporation had reached the $350,000,000 mark, THE BUSINESS WEEK said, "Events in banking are moving so rapidly in the Ninth Federal Reserve area that it is hard to predict just what the lineup will be a week or month from now."

Finance ▶

Holding Companies and Bank Laws

DEVELOPMENT of huge bank holding companies apparently is removing one of the safeguards behind bank deposits in New York state. The state legislature will be asked to take remedial action.

Holders of bank stock are liable, in case of the bank's failure, for the par value of their stock already invested and an additional similar amount. Thus an individual holding $1,000 of bank stock would lose the amount invested and could be assessed $1,000 more.

Holders of corporation stock are not liable, however, beyond their bare investment. Holding companies are corporations. The holding companies purchase bank stocks from individuals. The liability passes from the individual to the corporation. The corporation theoretically is liable, as any other bank stockholder. But the corporation has no assets other than its bank stocks and its stockholders are not liable to it.

Much consideration also is being given as to the powers of holding and security companies in New York. There is considerable feeling that at present powers are granted which are entirely too broad and undefined.

Railroads ▶

Van Sweringens in Limelight Again

"O. P. and M. J." are at it again. Last week, the Van Sweringen brothers annoyed the Pennsylvania by their new effort to acquire control of Wheeling and Lake Erie. Through the Nickel Plate, they filed application with the I. C. C. to issue bonds for purchase of Wheeling stock from Allegheny Corporation.

Wheeling & Lake Erie has been the bone of contention for some time among the major lines. B. & O., Pennsylvania, Nickel Plate, and New York Central all have wanted it for its strategic connections. Several months ago, ordered to divest itself of Wheeling stock, the B. & O. sold these holdings to the Van Sweringens' Allegheny Corporation. The wily Van Sweringens, taking no chances, made a *beau geste* to the I. C. C. With its approval, the Allegheny Corporation turned over 53% of Wheeling stock to the Governor of the Cleveland Reserve Bank as trustee. Two-thirds of this block of stock was owned by Allegheny, the other third by Nickel Plate, Van Sweringens' pet railroad.

This was a subtle victory for the Van Sweringens. They were not compelled to sell the stock in open market, headed off any counter move that the Pennsy might have made to acquire it, and presumably gained the Commission's good graces. Nickel Plate likewise has a pending application before the Commission to approve the acquisition of its Wheeling & Lake Erie stock as well as to purchase that now owned by Allegheny Corporation. The C. & O. application to purchase Nickel Plate, Wheeling, and other roads has been pending for three years.

P. & A. Photo

RISING ATTORNEY

Charles E. Hughes will argue this month the famous Wabash A and B preferred dividend case of interest to corporations everywhere

Railroads ▶

Heavy Order for Heavy Rails

PENNSYLVANIA RAILROAD will purchase 310,000 tons of steel rails for use in 1930. With fastenings, the cost of this material will be $21,000,000. It is the largest steel rail order in railroad history, according to Pennsylvania. The record order is for 130-pound rail, which now is standard for Pennsylvania main line.

Shipping ▶

New Dock Guides Ship to Berth

THE new Tilbury dock which will bring the world's biggest ships within 26 miles of London has been formally opened. When a ship enters, a giant curved spring girder will seize her nose and conduct her safely to the far end of the dock. Included in the developments are a new drydock—entered from the main dock—a landing stage for ocean-going steamships, a new entrance from the river and a reconstructed railroad with direct service to London.

Production ▶

Food Industries Cleaner and Cleaner

THE food industries are increasingly concerned with cleanliness. A symposium issued this week by leaders in each important branch of the field shows the immediate program calls for: design and equipment of plants to permit easy cleaning; use of surfaces for equipment that are impervious to liquids; maintenance of high-pressure water supply for cleaning; development of more efficient methods for eliminating insects.

In the dairy industry, increasing stress will be laid on the need for cleanliness and quick-cooling facilities on the farm. To this end, ice-well refrigeration will be promoted if experiments now in progress with this new cooling method prove successful. The ice-well is a pit into which a small quantity of water is run daily during freezing weather. The ice supply thus formed provides refrigeration throughout the summer.

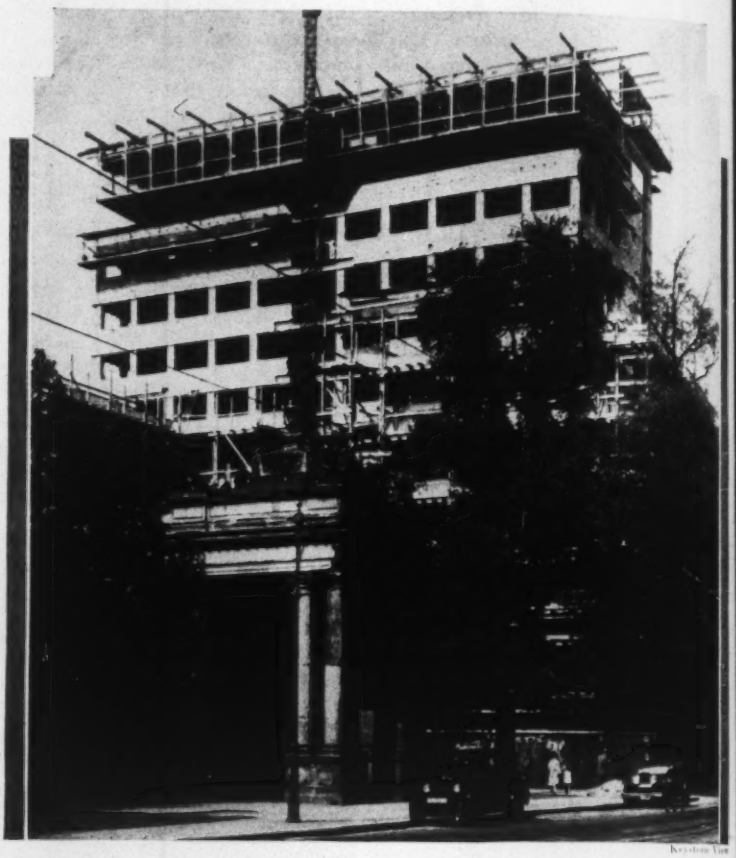
The dairy industry is also planning further development of "control laboratories" where plant equipment is studied by bacteriologists. Special attention will be given to developing new methods of washing and sterilizing.

In the ice cream business, increasing use of non-corrosive chromium nickel steels, tinned copper, glass enamel, or pure nickel for vats, of German silver for freezing cylinders, and of tinned copper for milk pipe lines, is insuring cleanliness.

In the field of condensed, evaporated and dried milk, training courses in bacterial cleanliness are being provided for employees. Approximately half the time of workers in this branch of the food industry is taken up with cleaning equipment, it appears.

Among the sanitary advances now in progress in the fish industry are: quick-freezing and packaging of the product (the old fish barrels and boxes are disappearing); reduction of odors in the vicinity of the plants; installation of ozonizers to relieve employees while working; immediate disposal of waste.

In factories manufacturing margarin, dust-free, washed or filtered air is being increasingly recognized as a necessity. The confectionery field is aiming toward sterilization of factory space as well as materials and removal of waste as soon as it gathers.



Keystone View

BIRTH OF A SKYLINE

Berlin is erecting its first skyscraper. The monster will be twelve stories high when finished

Government ▶

Impatient of the Law's Delays

WITH distribution speeding up, with increasing attention to turnover, and with hand-to-mouth buying, business men are getting impatient with the sluggishness of the courts. Creditors are taking over the liquidation of clients rather than waiting for bankruptcy proceedings. Employment managers have brought about workmen's compensation laws so that they can pay their accident obligations promptly and get rid of those many annoying problems which arise merely from the slowness of the law in establishing the amount of the claim.

Now this restiveness of business is breaking out in a new place. The accountants gave an entire section of their annual convention program to the discussion of the use of arbitration to replace the machinery of the law in case of claims.

Mathematical knowledge of business recognizes that it is always less costly to settle at once than to delay. Many successful merchants claim that paying promptly and taking discounts is a more important factor in producing profits than getting the lowest price for purchases.

Speed is the great profit maker. The law must get in step with the modern pace of business or else the business man will look less and less to the lawyer to help him with his problems.

Taxation ▶

Each Car Pays $17 In Gas Tax

A RISING tide of resentment against the ubiquitous gasoline tax is discernible among the owners of America's 25,000,000 motor cars, and in the petro-

leum and automobile industries. Advocates of the tax have hitherto lessened opposition by contending it was necessary in order to obtain money for road-building, but as a matter of fact only a few of the state laws earmark the proceeds of the levy for highway work. In many states a considerable portion is used for general expenditures. Recently there has been much agitation for a court decision, to determine if the gasoline tax is not class legislation and confiscatory, and so illegal. It is not unlikely that a test case will eventually reach the Supreme Court.

When the new Illinois law went into effect August 1, no state remained which did not tax gasoline. The American Petroleum Institute estimates the total collected from this source last year at $450,000,000, a hundred times the amount collected in 1921. But there are only three times as many automobiles. In seven states the tax is two cents a gallon, in eleven states it is three cents, in twenty states it is four cents, in seven, five cents, and in three, six cents.

Pending or proposed legislation indicates a general increase in 1930. Only three states will be left in the two-cent group and eight in the three-cent group. Three more states will levy four cents, two more, a five-cent tax, and three more, a six-cent tax. In 1921 the average tax per automobile was about fifty cents. In 1928 it was $13. This year it will be about $17.

Petroleum ▸

Conservation Moves an Eyelid

OIL men are convening again. At Tulsa they are in session on the last vestige of conservation. The movement failed but its spirit flutters.

The much heralded Code of Ethics is up for severe examination. The great question is whether it is working out. Generally it is admitted that everybody is in good faith about it. Obviously its application is to the advantage of all oil companies.

Within the past few days, however, the mind of the industry was distressed by a statement of the Standard Oil Company of New Jersey disclosing its practices as regards secret rebates, that ancient Rockefellerian principle. The company announced an advance in its tank wagon price of two cents a gallon together with a simultaneous discount of two cents a gallon, leaving the price where it was. The explanation of the manoeuver furnished by company officials was specious, complicated, almost unintelligible.

Simpler oil minds than those at 26 Broadway thought it might have to do with the practices of other companies in making contracts on Standard of Jersey prices. All oil men agreed that the statement was aimed direct at the Code of Ethics, especially its rule No. 17, which treats of the posting of prices. Efforts to clear up this little enigma elicited from Standard officials the calm remark that they did not care to comment.

The learned *Oil and Gas Journal* of Tulsa interpreted this strange move as one which was destined "to bring price cutting and rebating into the open."

In California, judges have set dates in mid-October to hear arguments as to whether the State can enforce injunctions restraining oil men from wasting the gas which forces petroleum to the surface of the earth. The constitutionality of the new law forbidding "unreasonable" waste of gas is in question. Oil men throughout the world will listen for the decision because it involves the last gasp of the conservation movement. If the law is successfully defied the lid will literally be off, letting billions of cubic feet of gas explode upward behind millions of barrels of oil which must be sold at declining prices or put into storage.

P. & A. Photo

WHO REMEMBERS TEAPOT DOME?

The government hopes Edward L. Doheny (above) does. He will testify at trial of Albert B. Fall, former Cabinet officer, who became big ranch and cowman after naval oil scandals

Automobiles ▸

Real Traffic Study Saves Lives

MOTOR accidents killed 726 persons during the month of August in 66 cities with more than 100,000 population. Figures for July, 687. For August 1928, 641. For the first eight months of this year, 4,767. For the same period last year, 4,377.

We are getting no better rapidly. There is hope, however, in the experience of communities which have made definite attempts to reduce motor accidents.

Chicago, which has made a scientific study of traffic problems and has entirely revamped its regulatory system, had 70 fatal accidents in August compared with 75 in July and 84 a year ago. San Francisco also has tackled the traffic problem efficiently; result, 59 fatal accidents for eight months of 1929; same period last year, 85.

Omaha, Camden, and Providence had no fatal motor accidents during August. Accident totals for the first eight months reflect improved conditions in Chicago, Boston, San Francisco, Milwaukee, New Orleans, Kansas City, Indianapolis, Louisville, Oakland, Rochester. Despite this, the general average throughout the country is 9% higher than last year.

In presenting these facts the National Automobile Chamber of Commerce comments upon the value of careful traffic study. Many of the cities where conditions have been improved have carried out extensive studies of traffic and have changed regulations to conform with the facts obtained.

Aviation ▸

California-Mexico Lines Busy

THE growing importance of Central American trade to the Pacific coast is reflected in the popularity of a new passenger and express air service linking California cities with Mexico and Guatemala. Established less than two

months ago by Pickwick Airways with three six-passenger planes running both ways each week, the line is now carrying capacity loads and an increase in the schedule is planned.

Fifty-four hours are required for the trip to Mexico City, another day to Guatemala. The fare to the former city is $263.45; to the latter $377.45. By rail, Mexico City is 4½ days from Los Angeles, and fare with lower berth is $97.63.

California cities covet the Central American trade. Before the War the northern and eastern states enjoyed it; now it has swung to the South and the Pacific coast. In fifteen years San Francisco has more than doubled her exports to Latin America; during the same period Los Angeles' business jumped from $18,000 to $6,634,000 a year.

In addition to ships on the Guatemala run, nine tri-motored planes to and from Mexican points are inspected each day by customs and immigration officials at San Diego.

Construction ▶ **Glass Bricks for New Skyscraper**

PLATE glass bricks, colored or crystallized to give unique decorative effects, will form the outside wall of the top seven floors of the Palais de France, which the Chanins are building in New York for the French government. About an inch thick by two feet square, the bricks will reflect the sunshine interestingly. At night novel illuminating effects may be obtained by exterior flood lights or interior lamps.

The material has been used in structural work before, but never to the extent that it will be employed in the Palais de France. Architects and engineers are much interested. The demand is for novel and noisy decoration, and plate glass brick may solve some of their problems.

Research ▶ **Muffling the Voice of the Diesel**

SILENCERS for Diesel engines, much like the familiar silencers for firearms, are being developed by engineers as an answer to a pressing problem in the power plant field.

There have been complaints. Some of the huge engines with exhaust pipes 36 inches in diameter, make a noise that can be heard for 14 miles. Also, inaudible pulsations produce dangerous vibrations in walls, floors and roofs. Larger and larger air compressors are being installed; blow-off pressures of steam are becoming higher. Something had to be done.

The silencers developed so far weigh around 26,000 pounds, are 7 feet in diameter, 20 feet long. They reduce the noise to a remarkable degree—greatly improve conditions in and near the giant power plants. Their general adoption is expected by the engineers.

Research ▶ **Chemistry Repays Its Debt to Coal**

COAL has always been an important raw material in the chemical industry. Now the chemical industry is reciprocating and furnishing the coal mines with materials which improve the product and increase safety in the mines. An extensive market for the cheaper chemicals thus is developing. Calcium and magnesium chlorides are in increasing demand to make coal dustless and prevent freezing. Lime is used to neutralize mine water. Coal tar creosote and phenol, copper sulphate and zinc chloride, preserve mine timbers.

Coal is being floated in calcium chloride to remove impurities. If research, now in progress, points the way, a chemical may be developed which, sprayed on the timber roofs of mines, will prevent swellings which cause collapses.

Textiles ▶ **Longer Skirts Bring Other Changes**

DID the textile industry subsidize an "unofficial observer" at the Paris style conference which decreed longer skirts? The industry, at any rate, is apparently cashing in on the results.

First, longer skirts mean extra yardage.

The fact that skirts come below the knees apparently has caused many women to cease to care whether the top four inches of stockings are of silk or cotton. The mercerizers are beginning to discover this.

All signs point to the demand for an entirely different type of undergarment from now on. Cotton underwear may come back. Scores of other possibilities are looming. The textile industry is interested—and busy.

Textiles ▶ **Shoppers to Learn Two New Names**

THE textile industry, successful in its efforts to "sell" the word rayon as a term for artificial silk, is now presenting two new names to the public. The

Herbert Photo

LABOR WANTS NEW LAWS

Mexicans parade to enforce demand for quick passage of impending measures. Business men oppose, believing labor laws would cripple Mexican industry

I. & A. Photo

FINANCIAL FOG IN LONDON

Members gather outside London Stock Exchange to discuss suspension of the seven Hatry companies, which failed with estimated loss of $40,000,000. Clarence Hatry and three associates held by the authorities

manufacturers of mercerized cotton yarn want their product to be known as Durene. The spun silk people have a new name for tub, or washable, silk—Lavelle. A campaign is now on to familiarize the public with Durene; one will be started shortly to popularize Lavelle.

Textiles ▶

Cheaper Ramie By New Process

DEVELOPMENT of two new methods for processing the fibres may extend the use of ramie. By one process, ramie ready for spindles can be produced for 14 cents a pound, it is said. The other process promises costs of 20 cents a pound or less.

While ramie is little known to the consuming public, it is well known to the textile industry as an adulterant of wool, cotton, and linen. Lyster H. Dewey of the Department of Agriculture believes ramie might well be sold on its own merits. It is stronger than cotton and about as strong as wool. Its strength increases when wet. Ramie fibres are rather brittle. They are so smooth that some difficulty is found in spinning them.

Ramie is a plant native to China, India, and other countries of the East. It is being cultivated extensively in the South and in the West Indies. Besides being used in mixtures with other textiles it has been used for gas mantles, for underwear, and for miscellaneous clothing.

Textiles ▶

World Group Plans Better, Cheaper Silk

NEW YORK will be the Mecca of silk men from all parts of the world October 15 when the International Technical Raw Silk Conference begins.

Significance: Another instance of co-operation between groups in an industry. Producers of raw silk in the Orient will meet with American consumers to evolve ways of improving the product and lowering manufacturing costs. Improved methods of sericulture (breeding and management of silk worms) and of raw silk grading are among the topics to be discussed.

A preliminary conference of the silk people was held last year in Yokohama. The present meeting is expected to develop into an annual affair.

Retailing ▶

All Kinds of Stores Sell Radios

THE Department of Commerce has found, by a national survey of radio sales, that 40.5% of the business is handled by dealers whose principal source of revenue is the sale of radio equipment. The remainder is distributed through diverse outlets—farm implement dealers, plumbing shops, cafés, confectionery stores, grocery stores, hardware establishments.

Automobile dealers did 8% of the radio business during the three months covered by the survey, and hardware stores 4%. In the larger cities the dealers exclusively in radio transacted more than half of the business. But in towns of 10,000 and less population, they did only 26%. In New York the department stores are the principal secondary outlets for radio equipment, but in Chicago furniture stores rank next to the radio dealers in volume of sales.

These facts are of special interest at the moment because of the plans being developed for General Motors distributors to handle radio sets and accessories.

Distribution ▶

Holding Concerns Buy Chain Stocks

CHAIN STORE FUND, Chain Store Stocks, Inc., and other chain holding companies have been organized to buy stocks of chain stores and receive their dividends, and, according to the prospectus of one of them, to contribute "specialized chain store management facilities covering merchandising, organization, accounting, real estate and sales promotion."

This is all very well, but do the chain store executives want "specialized management facilities," contributed by outsiders who have bought up a controlling interest?

Such holding companies are unquestionably the latest model, and their

progress will be watched with interest. They are also spoken of as "investment trusts," but it is unlikely that any trustee would invest in one line all the funds for which he is responsible.

Labor ▶

Garment Unions Increase Influence

CLASS conflict is giving away rapidly in the garment trades to employer-worker co-operation.

The International Ladies Garment Workers' Union has reached an agreement with the Millinery Embroiderers Association. All employers who have union agreements will become manufacturers association members. Dealings henceforth will be between officers of the union and authorized representatives of the association, instead of with individual employers. A five day standard week with time and a half for overtime or Saturday work is adopted. Manufacturers will have two weeks instead of one in which to try out new operators. Thus each group will strengthen the other.

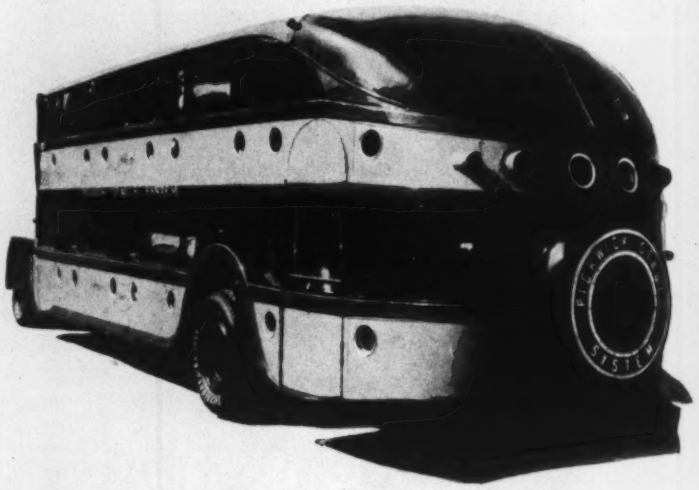
The junior, girls' and children's dress manufacturers hesitate to come to terms with the union. The International Ladies Garment Workers' Union has threatened a strike of its Children's Dressmakers Union unless manufacturers fall in line with the millinery embroiderers, and the cloak and suit manufacturers before them, in agreeing to a co-operating arrangement with the union "for the good of the industry."

Distribution ▶

Wholesale Grocers Oppose Packers

FORMAL filing of the Wholesale Grocers' objection to the modification of the Packers Consent Decree took place last week. Couched in legal terms, it is a "demurrer," and bases its "motion to dismiss" on what appear to be merely legal technicalities.

The protest, however, represents the general feeling of wholesale grocers that the packers should not be allowed to enter the field of general foods distribution. Their purchasing power is enormous; their distribution machinery covers the country; they could, if allowed and if they wished, put many wholesale grocers off the map. These are two big "ifs," but the wholesale grocers fear the potential.



SLEEP AS YOU MOTOR

New type of transcontinental bus, the "Nitecoach," shown at recent convention of American Electric Railway Association. In day time berths for 28 persons become high-backed chairs

Distribution ▶

Field Warehouse Grows in Favor

FIELD warehousing, relatively unknown in the East, is being used to an increasing extent in the Middle and Far West. It is simply the operation, by a public warehouse, of a branch or field warehouse on the premises of a manufacturer, producer, or importer. A factory leases to a licensed warehouse company a unit of its own building. The warehouse company operates that unit as a bonded warehouse. The purpose is to aid financing.

Goods stored in the field warehouse fall into the same category as those stored in an ordinary public warehouse, and are covered by warehouse receipts —proper collateral for bankers' acceptances when issued by a licensed warehouseman.

Under usual conditions the manufacturer must ship his goods to the nearest public warehouse or store them in his own plant. If he does the former he pays heavy moving costs. If the latter, he can borrow only on an open account basis; his banker will lend him only a relatively small proportion of the value of his goods and, in addition, he must often leave up to twenty per cent of the loan on account—frequently a hardship where his margin of profit is close.

Importers of pulp, coffee, tea, sugar, leather, rubber, tobacco, silk, nitrates, must frequently import larger quantities than can be disposed of promptly, because of conditions in the markets or producing centers. By this plan carrying charges can be shifted.

Distribution ▶

House-to-House Sellers Plan Code

REPRESENTATIVES of those engaged in "direct selling" of all kinds of merchandise have been invited by the Federal Trade Commission to meet in a trade practice conference to be held in Dayton, Ohio, Oct. 11. Commissioner William E. Humphrey will preside over the sessions of the conference.

Direct selling companies are defined as those which advertise for agents to do house-to-house canvassing in the sale of goods.

Among the practices thus far proposed for discussion are: Misrepresentation or misbranding of merchandise; misrepresentation in advertising; marked-up or fictitious prices; enticement of employees; misrepresentation or misleading statements in advertising for sales-persons with reference to salary, commission, profits or earnings; the use of the word "Free" in advertising, and the refund of deposits for samples.

Distribution ▶

Two Giants Now In Drug Industry

THERE has been one giant in the drug industry. Now there are two and the newer is the larger. Wholesale druggists convening this week at French Lick, Ind., received announcement that McKesson & Robbins have set up an organization, complete from factory to retail store, that already includes 62 wholesalers and 14,000 retail outlets, with 6,000 more prospects. This is one-third of all the independent retailers. Rexall network has about 10,000 outlets.

The new set-up is like the Rexall-Liggett. Wholesalers are owned outright. Retailers are independent; retain their own names. Agreeing to carry a reasonable amount of McKesson & Robbins products they become "McKesson Service" stores, get help in meeting chain competition, get credit facilities, counter and window displays, newspaper and radio advertising, other merchandising helps. They must handle Loft candies exclusively. Sixty manufacturers will contribute to the national advertising; 130 manufacturers will use this distribution. McKesson & Robbins are incorporated in Maryland, have a factory in Bridgeport, Conn., headquarters in New York.

Druggists find themselves chasing around an old circle. Profits in drugs were not enough. They added sidelines. Sidelines outgrew drugs. They became general stores, then department stores—still calling themselves druggists. Five and ten cent stores, mail order houses, cut into their profits. They seek strength in union. Drug sales fall off. They announce the public is buying patent medicines instead. Doctors just smile. They know who is selling the drugs—the apothecary on the side street who never has heard of the glories of modern merchandising, but to whom the doctors send their patients with prescriptions.

Production ▶

Sugar Depression Reaps Receivership

NEW evidence of the sugar industry's depression—Cuba Cane Sugar Corp., largest producer, went into receivership this week. It could make no profits at the present low prices. Sugar producers have had a rough time for several years. No betterment is in sight. Cuba Cane owns 830,000 acres in Cuba, owns and operates 992 miles of railroad, has total resources of $100,000,000.

Sugar's trouble is overproduction. Two distinct groups are fighting. Our sugar supply comes largely from Cuba, supplemented by domestic cane. Beet sugar production was started in the Rocky Mountain region years ago, profitable because of the long haul from cane fields. Output grew tremendously. Incantations for protective tariff were successful. Beet supply added to cane made heavy overproduction. Prices declined greatly; operations became unprofitable for many producers.

Cuba attempted to limit production. It was unsuccessful; was abandoned by President Machado this year.

In the present tariff fight, domestic producers got an increased duty in the House bill. The Senate swung the other way. Strongest points of argument are that Cuba is economically a part of this country; that beet sugar production is uneconomical.

Efforts by distributors toward stabilization of price in this country have been partly successful. The code of ethics of the Sugar Institute did some helpful things. But no progress is made toward remedying underlying difficulties.

Finance ▶

Bankers' Beanstalk Springing Skyward

FORMATION of "bigger and better" banking organizations this week was accompanied by visions of far greater things yet to be. In San Francisco where the nations' bankers are assembled, a holding company, extending from coast to coast, was mentioned.

Reports say New York interests are buying into Middle West and Northwest groups. Bancohio Corporation and Marine Bancorporation, of Seattle, are thus mentioned. Evidence grows stronger that ere long there will emerge from the mushrooming sectional groupings something like our first real national organization.

Meantime sectional grouping continued apace. High grade rumor links George F. Baker's First National, the Bankers Trust and the New York Trust. A slight variation links Guaranty, now the city's second largest, with the First National and the Bankers Trust. Chase National and the Irving Trust refuse either to deny or confirm reports of merger negotiations.

In Detroit five great banks formed the largest institution between New York and Chicago. The First National, of Boston, now absorbing Old Colony Trust, admits contemplation of a holding company to expand through New England. Worcester County National is thinking of the same thing on a modified scale.

First Wisconsin National bank at Milwaukee will announce Monday a $400,000,000 holding company in competition with the Northwest Bancorporation and the First Bank Stock Corporation. The new group will be purely for Wisconsin. The Banco Kentucky Corp. added two banks in Cincinnati and furthered plans for expansion into Indiana and Illinois. Bancohio Corporation sold stock in New York preparatory to further expansion. The two largest banks outside of the Loop in Chicago merged.

The old South is awakening to the trend. In North Carolina a company was formed to engage in branch banking. Several national banks have surrendered charters to join.

Finance ▶

Bankers Demand Loan Investigation

INHERENT caution of bankers was manifest at San Francisco at the American Bankers Association Convention this week. Little was done officially except to demand an investigation of brokers' loans.

Officers made a direct effort to prevent the organization's taking a stand as to branch banking. The historic split of the bankers was as much as ever in evidence. Branch banking sentiment was stronger than before, augmented by the huge chain group. State bankers led opposition to liberalizing federal charters. Branch banking by national banks would tend toward their extinction.

Association's report on extent of group banking was the first comprehensive survey. It showed 7% of the nation's banks with $12,500,000,000—which is 17% of all banking resources—in the 272 chains. Various persons blurted the first outright admission that group banking is really a form of branch banking.

John W. Pole, Comptroller of Currency, threw himself directly and flatly in favor of branch banking for national banks. Mr. Pole has the backing of the

Treasury Department and the Federal Reserve Board. He asked a committee to study the extent to which branch banking should go.

Craig Hazlewood, retiring president, sharply rapped speculation in the stock markets. He charged that banks have developed dangerous tendencies in this connection. Other groups backed his statements. John W. Lonsdale, new president, puts a Federal Reserve bank director in the saddle of the bankers' organization.

Utilities ▶

Standard Oil Becomes a Utility

STANDARD OF CALIFORNIA is the first oil company ever to enter the utility field. Utilities, however, have gone into oil—e. g., Cities Service and Standard Gas and Electric.

Standard of California Monday announced purchase of the Pacific Public Service Company. Pacific Gas and Electric Company immediately notified Coast Counties Gas and Electric Company, subsidiary of Pacific Public Service, that they would fight every move of Coast Counties to deliver natural gas to central and northern California.

California's gas conservation law probably prodded Standard. Oil companies without contracts with gas distributors are seriously handicapped. Tidewater Associated holds 25% of these contracts in California; Shell has 50%. Standard now ranks with them.

Wedding of oil producers and utilities makes regulation more intricate.

Swift Survey of Business Abroad

In cooperation with Bureau of Foreign and Domestic Commerce

EUROPE—Raising the discount rate in England, with consequent rises throughout the closely related Scandinavian countries, has as yet caused but slight reaction to general business. English trade is hesitant, French increasingly satisfactory, German steady, awaiting international bank developments.

Great Britain—Continued loss of gold by Bank of England and possibility of another increase in the rediscount rate is worrying industry. Reaction expected when industry is forced to borrow at new high rates to cover fall purchases. Labor looks for MacDonald's visit to Canada to increase purchases from England, and to locate increasing numbers of unemployed.

France—A small boom in the iron and steel, and coal industries, slackening of activity in textiles, chronic labor shortage and lack of railway rolling stock are highlights of the week. The metal industries show no sign of slackening. Labor has taken advantage of shortage to demand higher wages; miners already have won higher minimum wage. Money centers did not react to higher rates in London; easier conditions in Paris money market expected before November.

Germany—Business is steady but watching developments of international bank conferences. Output and sales of coal increasing; steel trade quiet. Increase in sales to France following first showing at industrial salons last year has increased number of German exhibitors this year. Exports of chemicals, ironware, machinery show large increases. Money is easy.

Russia—Announcement of probable recognition by Great Britain creates optimism in business circles concerning future rapid development of foreign trade.

FAR EAST

A spark of optimism has developed in the Japanese outlook during the week. Chinese business continues to be wary. Other Far Eastern markets remain spotty.

Japan—Business remains slack. Financial situation is stronger. Yen exchange is rising, prices falling. Mitsui Yusen Kaisha has announced plan to invest 20,000,000 yen for new ship construction and to provide low interest loans to tramp steamship companies for construction. (cable)

China—Credit on forward business is tight due to turbulent political situation. Ostensibly dictated by military necessity, an embargo has been placed on shipment of wheat and cereals from North Manchuria; heavy imports of flour through Tientsin continue but new orders are few, as local prices have dropped below replacement cost. Imports of machinery and metals are larger now than a year ago. Fall exports are beginning. Two large Chinese banks in Harbin have failed and others are in poor condition. (cable)

Philippines—Business is satisfactory but future trend may be affected by unusually wet weather. Textile and abaca trade is slow but automotive and copra markets have revived. Philippine Lumber Export Association has adopted standard grade rule similar to U. S. Philippine Sugar Association unanimously supports restriction policy. (radio)

Australia—Trade hesitant due to poor seasonal outlook. Melbourne and Brisbane wool sales opened at fair price levels, with downward trend. (radio)

LATIN AMERICA

Retail trade quiet during planting season; politics unsettle business; depression spreading.

Mexico—Business unsettled. Decline in petroleum production, temporarily checked in May and June, again apparent. Labor code threatens to burden capital with impossible load. Foreign capital organizing to protest. (cable)

Cuba—Economic situation serious but symptoms of panic have subsided. Sale of all Cuban sugar through semi-official Cuban Sugar Export Company demonstrates that better price can be obtained through single sales agency. Coming crop expected to harvest 7% short of last year. (cable)

Argentina—Business and crop prospects revived with mid-September rains. (cable)

What the Figures Show

LATEST week figures show that business continues at a good level. There has been some sign of increase in industrial activity, and trade, though slackening slightly, is holding well above last year.

Steel operations were slightly more active last week, checking the decline that has been going on during the past month. The average for the industry is at 85% of capacity, about 3% above the previous week and at practically the level of a year ago. The Steel Corporation, at 89%, is running above last year, though the independents are still below.

Railroads and heavy construction demand for steel are now the chief factors in sustaining operations. Structural steel orders rose 15,000 tons for the week. Rail and equipment orders are running unusually heavy, because of the favorable financial position of the railroads, but it is doubtful whether this field alone can long continue to sustain the steel operations at a very high level unless automobile production picks up. Scrap prices continue to weaken, as is usual in a period of declining steel orders. Automobile demand is still declining.

THE preliminary figures for September production of automobiles, 417,000, show the slackening pace in the industry last month. Though below last September's 436,000 this makes the total to date (4,828,720) far above the full year production last year (4,601,130). The rate thus far this year has been 31% above the same period last year. The Automobile Chamber of Commerce expects October, November and December production will be above the same months of 1928, but this optimism is not prevalent in the industry.

FIGURES OF THE WEEK

PRODUCTION	Latest Week	Preceding Week	Year Ago
Steel Mill Operation (% capacity)	85	82	85.5
Building Contracts (F. W. Dodge, daily average in thousands)	$15,927	$18,119	$26,121
Bituminous Coal (daily average, 1,000 tons)	1,811	1,811	1,670
Petroleum (daily average, 1,000 bbls.)	2,900	2,925	2,510
TRADE			
Car Loadings (all classes, 1,000 cars)	194	192	191
Check Payments (outside N.Y. City, millions)	$ 6,736	$ 7,075	$ 5,731
Wheat Receipts (1,000 bushels)	10,811	11,663	18,364
Cotton Receipts (1,000 bales)	623	521	667
Cattle Receipts (1,000 head)	347	316	444
Hog Receipts (1,000 head)	431	449	398
Wool Receipts (1,000 lbs.)	1,691	2,000	1,963
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ 1.25	$ 1.26	$ 1.07
Cotton (middling, New York, lb.)	$ .187	$ .187	$ .193
Iron and Steel (composite, ton)	$36.36	$36.44	$35.30
Copper (electrolytic, lb.)	.178	$ .178	$ .150
All Commodities (Fisher's index, 1926-100)	95.8	96.1	99.3
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$17,244	$17,254	$15,868
Commercial Loans, Federal Reserve member banks (millions)	$ 9,524	$ 9,567	$ 9,058
Brokers' Loans, New York Federal Reserve member banks (millions)	$ 6,804	$ 6,761	$ 4,570
Federal Reserve System Ratio	72.7	73.8	66.8
Stocks Sold (N. Y. Exchange, 1,000 shares)	24,557	23,475	22,751
Stock Prices (N.Y. Times, average 50 stocks)	$296.13	$303.53	$204.36
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$51,243	$60,496	$50,289
Bond Prices (Dow, Jones, average 40 bonds)	$ 92.18	$ 92.32	$ 96.64
Interest Rates—Call Loans (daily average)	8⅞%	8⅛%	6¼%
Interest Rates—Time Loans (daily average)	9⅛%	9%	7⅛%
Business Failures (Dun, number)	428	360	400

Building activity fell off for the latest week. The *Engineering News-Record* figures for heavy construction awards this week dropped about $40,000,000 and are below last year's.

BITUMINOUS coal production during the latest week was running at about the same rate as during the preceding week and still was substantially above last year. There is some sign that the increased rate of activity in this field has been checked.

Daily average petroleum production declined for the week but is still running about 400,000 barrels above last year. Both California and the Eastern fields shared in the decline, indicating that restriction efforts are beginning to take effect.

AGRICULTURAL marketing activities are running at a fairly normal level. Wheat receipts continue to decline; cotton marketings were somewhat heavier but slightly below last year. Wool and hog receipts fell for the week but cattle receipts were somewhat heavier.

There has been no strengthening in agricultural prices; the movements are erratic, with no definite trend. Grain exports are particularly slack, amounting, for the latest week, to less than a third of those of a year ago. Even Canadian wheat exports are at a rate less than one-half that of last year. Cotton exports appear to have picked up somewhat, but are not especially strong.

IRON and steel prices have weakened slightly. Copper remains steady but with disappointingly slow demand. The general commodity price level again weakened distinctly and is now almost 4% below last year. This probably reflects somewhat increasing commodity stocks and slackened demand.

Distribution seems to be running at a high level. Latest week car loadings were above the preceding week and a year ago, and especially strong in miscellaneous freight, grain and live stock. The coal, forest products, and ore movement has fallen off somewhat. Slight signs of slackening trade are seen in a lower level of money turnover for the week in centers outside New York City, and in a slight decline in commercial loans, but both indicators are substantially above last year.

The sharp rise in Dun's number of commercial failures for the week, above the preceding week and last year, may have some significance if it continues.

Money and the Market

WALL Street continued its unhappy toboggan ride this week. Small sized rallies in stock prices gave slight heartening to weary speculators, but the midnight blackness of the year's worst wide-open break in the market on Thursday was enough to lead the strongest to despair. Heavy selling continued seemingly from every quarter, while support for stocks was at best half-hearted. Despite the tremendous price drop, real buying has not yet been attracted.

The force of gravity plays no favorites. The most prominent issues in several cases led in the drop, United States Steel being conspicuous among these. New high prices seldom exceeded a dozen in any day, while new low prices for the year or longer were counted by the scores.

After months in which all bad news virtually was ignored, the market is now in a period when good news is minimized. Brokers' loans, the object of great scoffing not so long ago, now are a distinct cause of worry. Considerable selling for British account was reported. Many of the investment trusts have liquidated holdings and now have the most of their assets in cash.

Call money eased considerably toward the latter part of the week but this helped the market but little. End of the quarter stringency kept money 8% to 10% the first part of the week. Thursday the official rate equalled the Federal Reserve discount rate of 6% and funds were available at even less in the outside market. Time funds, however, continued to loan at high rates.

Federal Reserve reported brokers' loans showed another increase of $43,000,000 to another new high record of $6,804,000,000. Every week now since August 14 has seen an increase in these figures, the aggregate growth being $852,000,000.

The Stock Exchange issued its monthly report of brokers' loans for its members, showing an increase in September of $667,764,533. The total is now $8,549,383,979, a new high record. The Exchange figures are more comprehensive than the Reserve reports.

London was depressed as the Bank of England continued to lose gold despite the increase in its discount rate last week. Gold held by the Bank of England dropped to £130,343,000 and the ratio dropped sharply. France and the United States were greatest takers. Hope is held that the outflow is nearly ended, as French demands seem more nearly satisfied. New York received $4,190,000 of gold in the week.

The Federal Reserve System has much consolidation despite the orgy of absorption of credit by the stock market. Its ancient enemy, Speculation, is ill indeed. And borrowings from the Reserve system by New York banks dropped to $63,000,000, the lowest point reached in some time.

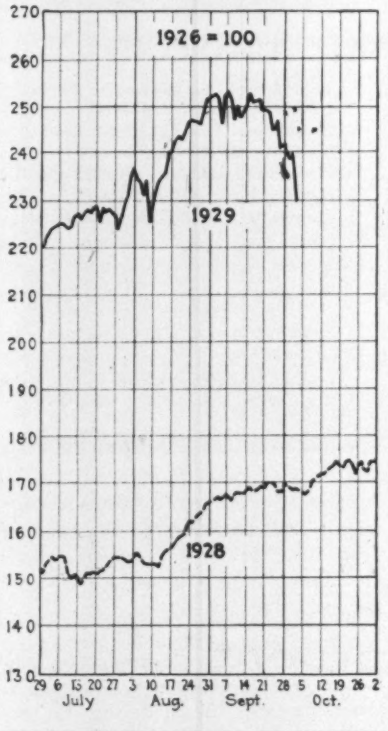
However, this was largely due to the system's unusually large purchases of bills in the week, totaling $58,884,000. This is the heaviest weekly purchase on the current movement which started in August. For the same reason discounting with the system dropped to $930,633,000, near a low point for the year. Holdings of government securities also continued to drop after the rise occasioned by the recent government financing.

The ratio for the 12 Reserve banks decreased slightly, to 72.7% from 73.8% last week, as increased currency circulation absorbed gold. The ratio of the New York Reserve bank, however, jumped upward sharply to 81.0% from 75.9% as the bank gained gold. This is one of the highest points of the year for the New York bank ratio.

Credit extended by member banks was off by $60,000,000. Unsecured loans dropped slightly from their high record for the year reached last week, but loans on securities went upward to $7,720,000,000 not far from the high of the year. Member bank investments continued their almost uninterrupted decline.

THE MARKET DAY BY DAY

(Standard Statistics Company's Daily Stock Price Index)



Steel Still Strong

THE decline in the rate of steel operations in recent weeks, shown on the chart below, does not mean as much as it seems to, except in contrast with the trend last year at this time. The figures show percentage of capacity, and of course capacity is steadily growing, probably faster than the statistics record, so that it requires constantly larger business to show a sustained percentage of operation.

The normal rate of increase in steel ingot production in recent years is about 2½% per year. On this basis 1929 should show about 50 million tons. Inasmuch as September and October production usually runs about 4% under the average for the year, the normal rate of steel production at this season would be about 48 million tons. Yet the actual rate at present is running at over 52 million tons annually, about 8% above normal.

▼

Automobiles Stall

SLACKENING speed of the automobile has cut into steel operations. General Motors sales report for August indicates some falling off in automobile business. Sales to dealers were lowest in the last seven months. Dealers' sales to consumers were below July and August a year ago. Declines have occurred each month since the peak in April in both dealer and manufacturer sales. The September rate of production in the industry so far is about 10% below August.

Wholesales of new cars in the Chicago Federal Reserve District in August were 10% below July and 37% to 40% below last August. Retail sales of used cars, though, were higher than a year ago.

The motor accessory business slowed up in August. All classes of shipments except service equipment were considerably below last August.

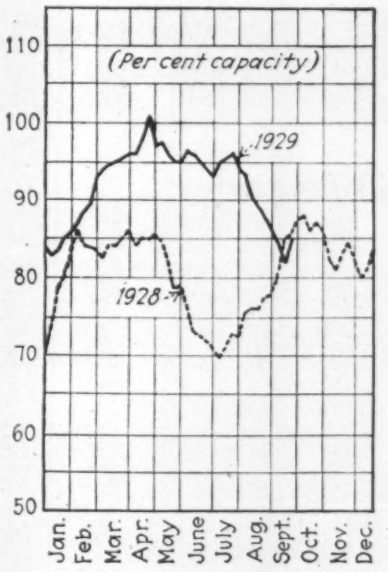
▼

Rails Hum

THE railroads show astounding strength—and steel is leaning on them not a little now.

Freight volume handled—without car shortage—in the first seven months of this year was 280,430 odd million net

STEEL MILL ACTIVITY
Wall Street Journal



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ton miles, 3% above the previous high record and 6.6% above last year.

It pays, too. The first sixty-seven lines to report for August showed an increase in net income of 9.75% over last year, on a gross income larger than last August by only 4.31%.

At this rate net earnings for the first eight months this year of all roads will be 20% above last.

This means equipment. Cars on order September 1 were 31,898 compared with 9,257 on that date last year—locomotives 395 against 100.

▼

Mostly in Trust

NEW financing for September, the *Journal of Commerce* reports, was $723,000,000 compared with $475,000,000 in September last year and $657,000,000 in this August. Investment trust offerings were 37% of the total.

This brings the total new financing this year to approximately seven billions—about the same as last year, but 28% of it investment trust.

▼

Trade Travels Along

DEPARTMENT store sales in August were about 5% above last August, and for the eight months 3% over last year—which is about the normal increase. Minneapolis and Atlanta sales, particularly weak, reflect doubtful farm purchasing power. Inventories were down for the month generally.

August wholesale trade showed the remarkable jump of 17.7% over July—mostly in men's clothing, dry goods, furniture.

▼

Money to Burn

CANDYMAKERS reach for Life Savers when they read the monthly figures of cigarette production this year. For sixteen consecutive months the industry has been rolling its own faster than during the previous year. Production in May exceeded eleven billion cigarettes for the first time in the history of the industry. August fell only slightly short of that figure with 10,930,628,890, a gain of about 2.8% over August a year ago.

The first eight months this year have seen about eighty billion cigarettes rolled out, or approximately 13.2% more than in the same period last year. The rate of increase this year so far has been nearly twice as great as last. If it is sustained for the rest of the year, 1929 production will exceed 120 billions—or a fag for every man, woman and child.

Incidentally, all this smoke is incense to Uncle Sam. The increased revenue from cigarettes last year almost made up for the loss to the government when Congress reduced the tax on automobile sales.

Cigar production for August was slightly less than last year, and the year to date showed an increase of about 3%. Most of this gain was in low priced cigars—a sign of American progress in which Vice-President Marshall would rejoice.

Pipes are going out very slowly. Manufactured tobacco produced during the first eight months of this year was almost as much as last. Even snuff, with many a sneeze in a carload, is holding its own fairly well, with over twenty-six million pounds produced this year so far.

Sweet producers may find consolation in the fact that 348 million gallons of ice-cream were consumed in this country last year—about 2.90 gallons per capita. Will cigarette advertisers now say it takes three gallons of ice-cream to equal one cigarette?

James A. Farrell, Seaman

He's skipper of U. S. Steel, but his true love is ships

THE world knows James A. Farrell as the man who probably understands more about producing and distributing steel than any other living person. But it knows almost nothing of Farrell, the sailor—son, grandson, and great-grandson of sailors.

The president of the United States Steel Corporation would have followed the ocean as a calling, if the sea itself had not ruled against it. In the year 1878, Captain John G. Farrell, father of James Augustine, left port on the last of his long sailing voyages. Neither he nor his ship was ever heard from again. This tragedy altered everything for the family the Captain left behind him. James A. had to go to work. He got a job in a steel wire mill in New Haven, Connecticut, where he had been brought up. He was sixteen then—and he has been a steel man ever since.

But he has never lost his passion for sea-faring. Today he is the only owner of a full-rigged sailing vessel flying the American flag on trading trips from North Atlantic ports to the Pacific. The *Tusitala,* his ship, is his private venture, his hobby. She sails from New York and Baltimore carrying freight, just as the old clipper craft used to, and Mr. Farrell superintends every detail of these undertakings, keeping in touch with the vessel by radio. Skipper and crew are of his selection. The cargo, its condition, the financial outcome of each "trade," are all of vital interest to him.

In the crew, he generally has eight or ten American boys who are learning navigation that *is* navigation. For to sail a square-rigged ship, fighting contrary winds, calms, tempest, bitter cold, and tropic heat—there is a challenge to skill and imagination! Ask Mr. Farrell who, as a lad, made such voyages with his father.

Those early experiences explain why he loves the *Tusitala,* last of the clipper ships, and why he delights to keep her in service in an age of steam and steel. Twenty-five hundred tons burden she is, and a beauty under full sail, catching life and grace from the air—akin, in a way, to the planes that pass above her. At present she is bound for Hawaii with a cargo of sulphate of ammonia. From there, who knows what port she will steer for? Seattle, perhaps—and in time, back to the Atlantic coast.

Mr. Farrell's New York office, eighteen stories above the street, overlooks the North River. From his windows he can see great ocean liners come and go. He keeps a pair of binoculars always at hand. Sometimes he hears the whistle of a passing vessel while he is talking with a caller. "That's the *France,*" he will say instantly. Or it may be the *Majestic,* or the *Leviathan.* To him, a ship's whistle is a friend's familiar voice. His eyes, too, are trained to recognition—and thereby hangs a tale.

AT one time Captain Farrell, the steel magnate's father, commanded the *Glory of the Seas.* She was a clipper ship constructed by Donald McKay, famous Boston ship-builder of the mid-nineteenth century, and was launched in 1869. The *Glory* lived up to her name. She measured 265 feet from knight heads to taffrail, and it took 8000 yards of cotton duck to make her a suit of sails. On her maiden voyage from New York to San Francisco, not a single package of her cargo was damaged by sea water or sweat. In 1875 she established a record of thirty-five days from San Francisco to Sydney, Australia, and this was never equalled by any other sailing vessel.

Copyright, Walter P. Miller

THE TUSITALA

For ten or fifteen years the *Glory* plowed the Atlantic and the Pacific in triumph, bound for Liverpool, New York, or 'Frisco. Then she began to fall on evil days. The era of sails had passed. She lived on odd jobs, up and down the Pacific coast. Sometimes there were no cargoes for her, and she lay idle. At length, stripped of the great sails that had been her pride, she was used as a floating cold storage plant by a Puget Sound fish cannery.

Here is where James A. Farrell enters her story. In 1920 he happened to be in Seattle, and a friend with a motor boat took him cruising along Puget Sound. There Mr. Farrell caught sight of an old clipper ship, in reduced circumstances. He knew her, even in humiliation. "Why, that must be the *Glory of the Seas,*" he said. The trim lines of her hull were still the same as when his father had sailed her.

He tried to buy her figurehead, but it was not for sale. Three years later, however, the *Glory* suffered final indignity. She was beached at Endolyne, near Seattle, and burned to salvage the copper she contained. It was then that Mr. Farrell had the figurehead removed and

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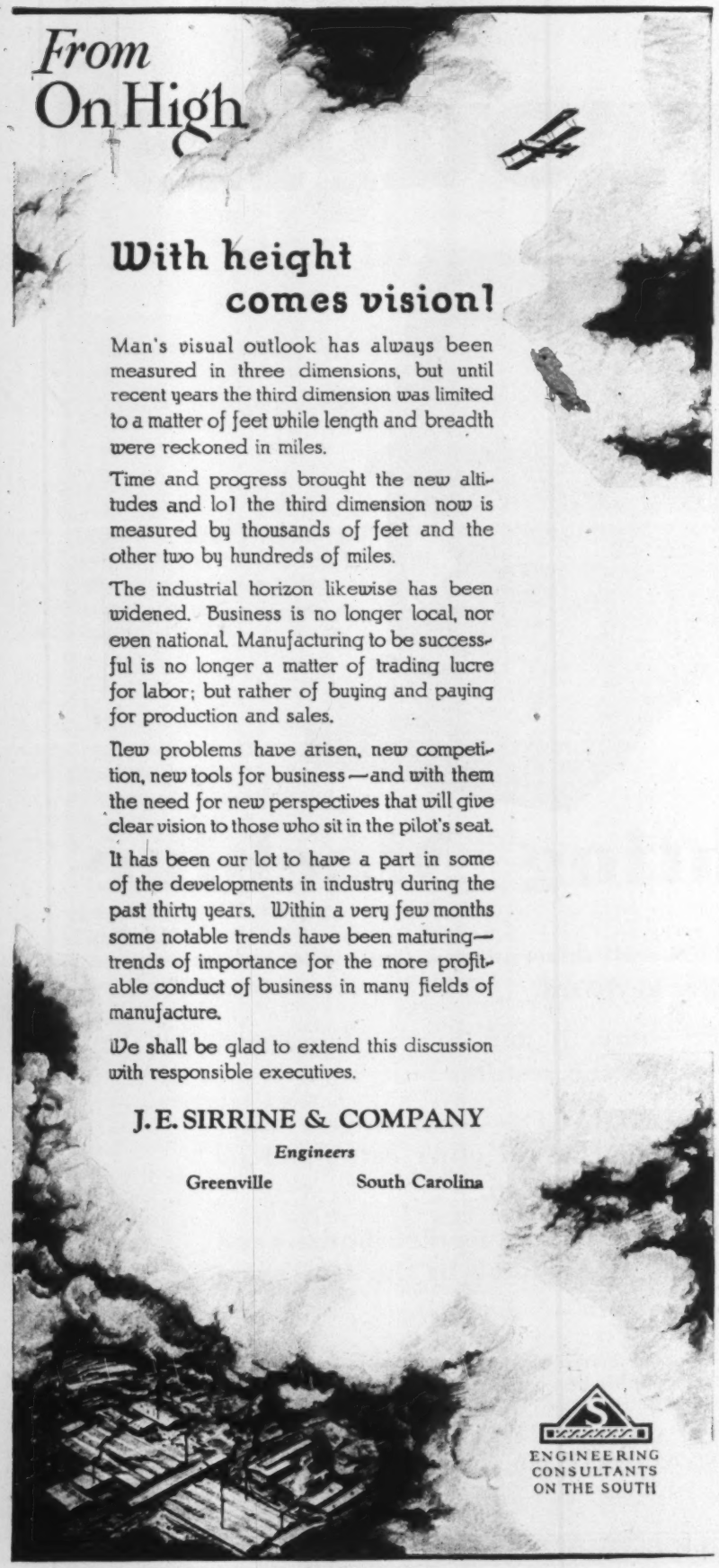
From
On High
With height
comes vision!
Man's visual outlook has always been measured in three dimensions, but until recent years the third dimension was limited to a matter of feet while length and breadth were reckoned in miles.
Time and progress brought the new altitudes and lol the third dimension now is measured by thousands of feet and the other two by hundreds of miles.
The industrial horizon likewise has been widened. Business is no longer local, nor even national. Manufacturing to be successful is no longer a matter of trading lucre for labor; but rather of buying and paying for production and sales.
New problems have arisen, new competition, new tools for business—and with them the need for new perspectives that will give clear vision to those who sit in the pilot's seat.
It has been our lot to have a part in some of the developments in industry during the past thirty years. Within a very few months some notable trends have been maturing—trends of importance for the more profitable conduct of business in many fields of manufacture.
We shall be glad to extend this discussion with responsible executives.
J. E. SIRRINE & COMPANY
Engineers
Greenville South Carolina
ENGINEERING
CONSULTANTS
ON THE SOUTH

sent to him in New York, where he presented it to India House. It hangs above the stairway there—a heroic statue of a woman. But the inscription beneath it tells nothing of Captain Farrell's connection with the *Glory of the Seas*, or of how his son discovered the ship in her obscure old age.

TO save the *Tusitala* from a like fate may be one of James A. Farrell's reasons for keeping her in commission, though a far more impelling motive is the pleasure he gets out of being her owner. His Christmas card some three seasons ago was an etching of the *Tusitala*. On the margin appeared six small colored flags, signaling "Merry Christmas" in the international code.

With so strong a nautical tradition behind them, Mr. Farrell's two sons care more for the sea than for steel. One of them is president of a steamship line which maintains service from America to South Africa, and the other is connected with a shipping agency.

▼

Dust Explosion Hazard Grows

WATCH your dust!

New manufacturing processes, faster production, and the utilization of by-products is making the dust explosion a much more general industrial danger than ever before.

A study made by Dr. David J. Price of the U. S. Department of Agriculture and presented at the Northwest School for Fire Prevention at the University of Minnesota shows that approximately 28,000 industrial plants in the United States are subject to dust explosion hazards and should adopt scientific precautionary measures. These plants employ 1,324,000 persons and manufacture products of an annual value of ten billion dollars.

Dr. Price enumerates among others the following industries threatened by dust:

Grain handling, Pyroxylin lacquers, sulphur crushing and pulverizing, rubber recovery, starch manufacture, sugar refining, wood-working, cork pulverizing, aluminum, zinc and magnesium plants, fertilizer plants, spice grinding, pitch grinding and pulverizing, resin, powdered milk, chocolate and cocoa, and celluloid and textile plants.

Special knowledge is required in fighting fires where there is dust danger. For example, water turned on hot aluminum powder generates free hydrogen gas, which is exceedingly inflammable. A high pressure hose stream striking a pile of combustible dust will sometimes throw it into a cloud which explodes if it comes in contact with flames.

In the Opinion of 5600 Business Men—

THE average volume of general business in the country during the final quarter will be about 5% better than that at the close of September and about 5% over the same period last year.

Every section of the country, except the East South Central states, will do a better volume of business than last year, the Chicago and South Atlantic sections leading with a gain of 8%, followed by New England with an expected 6% gain, and the St. Louis section and East North Central states with 5%. The North and South Pacific sections will show the smallest gains — 2% and 1% respectively — while the East South Central states expect a drop of about 6% as compared with last year.

Canadian business will continue good during the remainder of 1929, with a gain of 3% above the current volume of business, 5% over last Fall. Crops have exceeded earlier expectations.

The favorable agricultural situation will sustain general business, with fair crops at fair prices and general confidence in the ability of the Federal Farm Board to place crop distribution on a sound basis.

Generally good employment at high wages will continue to provide the basis for a large consumer purchasing power, although some industrial groups are not maintaining the momentum of the past few months.

Distributors are following a policy of small inventories and volume turnover and manufacturers are curtailing production to meet orders. Supply and demand will continue to be well balanced.

The influence of continued high interest rates is showing itself in many ways. Speculative residential building is almost at a standstill. Distributors are finding it difficult to finance stocks and are unable to place future orders. Expansion programs in general are being held up awaiting a more favorable money market.

Nationwide speculation on the part of the general public continues. Savings bank officials report large withdrawals which investigation shows are largely for playing the stock market.

Uncertainty, delay, and politics in tariff revision is causing apprehension as to its effects on business.

The drastic slump in building construction, with its influence on operations in the lumber, metal and other contributory industries; the increasing tendency of the general public to mortgage the future through time-purchases—largely of non-essentials; and a tendency toward price cutting regardless of profits, make the business outlook for the opening months of 1930 doubtful.

Fundamentally, however, general conditions throughout the country and business to-day are believed by most authorities to be so healthy that a prolonged recession in activity in the near future is hardly to be expected.

The Council on the Trend of Business

This is the gist of the views of 5600 top executives composing The Council on the Trend of Business concerning the business outlook in their sections of the country.

***The Business Week* receives and analyzes these business outlook reports each month. They give a composite picture, not obtainable elsewhere, of the current thinking of a group of representative American business men. What business men think about business conditions is an important factor in determining business conditions. Though it is not statistically measurable, it helps to make the statistics that measure the business changes.**

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ÆTNA

Mrs. Jones Changes Her Shopping Habits

The Big Store Tackles the Problem Courageously and Is Testing Various Solutions

MRS. JONES has changed her shopping habits. So have her neighbors, who try to keep up with the Joneses.

The department store, long a great institution in America, changing little because America for decades was merely growing, not really changing, now is alert to the need for evolution.

The big store will be something entirely different a few years from now. But what will it be like? No one is quite sure. Great merchants differ. They are adopting new methods which are diametrically opposed to one another. Which is finding the right solution? Or are any of them? Or—and this is entirely possible—are all of them? For we may see several varying types of great retail institutions evolve, and each type successful.

What is causing the revolution? What are the great stores doing to meet it?

THE past seven years were the most prosperous our country has ever enjoyed. Yet these fat seasons have not dealt kindly with the department store. Their sales have risen, but the line struggles heavily across the chart. The percentage of gain is not as great as that shown by chain stores or the better class specialty stores.

The Harvard Bureau of Business Research explored the subject. Their note books and adding machines produced some arresting figures. Taking department stores with sales volumes over $1,000,000 this is what they found:

PERCENTAGE OF EXPENSES AND NET PROFIT TO NET SALES

	Expenses	*Net Profit*
1923	28.4	3.6
1924	30.1	2.0
1925	29.9	2.3
1926	30.3	2.3
1927	31.4	1.7
1928	31.7	1.5

Bluntly, expenses are going up while profits are going down.

The growth of department stores business has just about kept pace with the growth of population and wealth of the cities where they are situated. Compare that with the spectacular rise of chain stores; in 1921 they did 4% of the entire retail volume; in 1928 they did 16%.

The vigor and optimism of the specialty shops are indicated by a survey published in *Women's Wear Daily*. Books of the stores examined gave the following significant comparisons:

	Net Profits 1928	*Net Profits 1927*	*Net Profit Increase %*
Independent department stores	$28,392,195	$27,148,028	4.6
Independent specialty shops	3,685,689	3,202,869	15.1
Chain department stores	26,399,076	27,500,720	4.0(*d*)
Chain specialty shops	4,034,917	3,426,467	17.8

(*d*) decrease

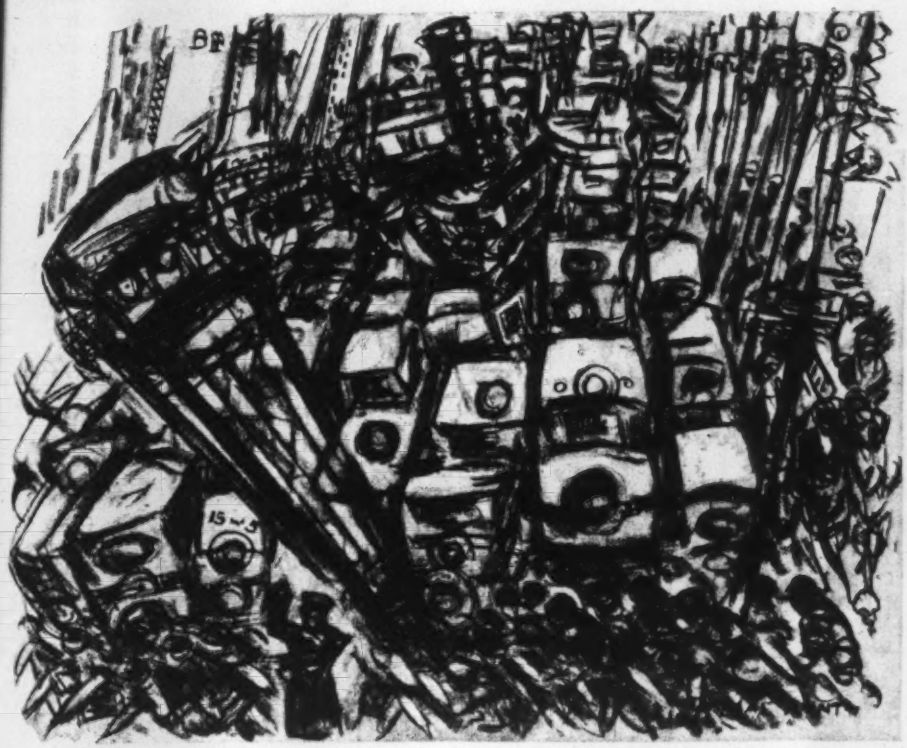
There be doctors of retailing who contend that mergers are the remedy. That chains must be fought by chains. The merger mania already has infected this field. Nothing can be found in the cited figures to support consolidation as a cure. While independent department stores show a small gain, the chain department stores confess a loss.

While the great captains discuss mergers and the questions of branches, their subordinates are busy ferreting out flaws in detail management and comparative health of different departments. Outside agencies have helped. The Federal Reserve Bank of Boston here throws an interesting light on this question:

SALES BY DEPARTMENTS—NEW ENGLAND DEPARTMENT STORES
1927=100

	1925	*1926*	*1928*
Dress goods:			
Silk and velvet	120	114	88
Woolen	148	123	84
Cotton	132	115	94
Silverware, jewelry	82	91	98
Men's clothing	102	102	98
Men's furnishings	92	97	100
Boys' wear	97	102	97
Ready to wear:			
Women's	104	101	97
Misses'	80	89	104
Junior and girls'	86	91	116
Millinery	94	101	96
Gloves	91	102	100
Corsets, brassieres	103	101	97
Women's, children's hosiery	84	90	102
Underwear:			
Knit, incl. glove silk	92	98	97
Silk and muslin	103	103	94
Women's and children's shoes	94	100	99
Furniture	93	95	97

WE know no one with courage enough to analyze these numerals. Certain comments are permissible. Some



THE SHOPPER'S NIGHTMARE—
Modern traffic gets the blame for the shifting trend in women's buying

of the declines (corsets, brassieres, woolen dress goods) are the result of a shift in fashions. Sales of men's furnishings and clothing for misses and children show an increase; women's ready-to-wear and millinery suffered a relapse. This may mean that the department store is still popular when a woman is buying for her husband or children, but that she is beginning to seek elsewhere for her own raiment.

The motor car has reduced the desirability of a downtown location; just how much is an open argument. The Emerson B. Knight, Inc., survey of Metropolitan Boston reveals the astonishing fact that 24% of the families living outside corporate Boston but within 15 miles of the city do not shop in town. It is the general opinion that parking difficulties combined with the rapid multiplication of chain and other outlets persuade the buyers against the trip downtown. Acting on this knowledge, big stores in Boston are opening branches in the suburbs.

In Chicago the present condition in distribution is at its sharpest focus. Here the great department stores find themselves in competition with the world's largest mail order houses. Here also the chains thrive and multitudes of small retailers are able to maintain their profits.

There is a decided move on the part of the downtown department stores toward the suburbs. The Fair opened a store in Oak Park last month. Marshall Field & Company opens a store in the same town on Oct. 15. Another Field store is in Evanston. This rich little suburb has seen the greatest growth in branch stores.

Independent merchants in Evanston welcome the new stores. They realize that if the women shop at home every store is going to benefit.

The consensus of Chicago opinion gives the automobile the credit (and the blame). Good roads enabled farmers to do their shopping in nearby towns. Mail order business declined. Montgomery Ward and Sears, Roebuck counter-attacked by opening retail outlets. Montgomery Ward has over 400 retail stores, though practically none is in a city of the first class. Sears, Roebuck has around 300. They plant their stores on traffic arteries entering the large towns, where both the city buyer and the country buyer can shop.

Traffic in The Loop made shopping difficult for the car owner who had no chauffeur. The Loop trains became uncomfortably crowded, too. Trade shifted to outlying chains and independents. The big stores did not want to open branches in these locations. They were driven to it. In addition to the falling off of automobile trade, there was a noticeable decline in the pulling power of special sales. Too much trouble to fight downtown crowds for bargains. Sales outlets had to be established nearer the readers of the ads.

ONE expert claims a permanent advantage for the big downtown store in fine clothes, furniture, and like merchandise which has a greater trading radius. People from smaller cities will make such purchases when they take a trip to town and stay at downtown hotels. It is known that every article of merchandise has its radius—people will come so far and no farther to buy it. If you are buying a paper of pins you will drop in the nearest 5-and-10. If you are investing in a dining room set, the step is of great importance and you may make a 60-mile trip to a city before arriving at a final decision.

There is general agreement that the merchants due to suffer most from the trend toward neighborhood branches are the popular priced downtown stores,

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for goods of this class are more easily duplicated in outlying districts.

In following the policy of the mail order houses and opening branches, the big stores seek a different type of location. Mail order branches usually are planted in quiet streets where easy parking invites the shopper to come in the car. The department stores usually seek sites in the busiest section of the suburban town. Thus some of them are on streets where traffic and parking is as much a problem as in the hub of the city.

These department store branches continue to multiply but they have so far failed to justify themselves completely. The shopper is not happy to discover that the branch store has a far smaller selection of merchandise than the parent institution. Also the service is not as complete or of as suave a quality.

LACK of service (delivery, charge accounts, etc.) is expected in the chain store or usual mail order branch. Low prices are the compensation. Department stores have educated (or coddled) customers into expecting all manner of courtesies. If a store tries to put a stop to these drains and institutes a more impersonal business relation it is apt to start one of those awful and insidious word-of-mouth campaigns against itself.

Here is an analysis of complaints made at eleven department stores in one of our great cities:

Reason for Complaint	*Total Group %*
Indifference or discourtesy of salespeople	12.3
Overinsistence of salespeople	1.1
Ignorance or misrepresentation	4.9
Poor quality of merchandise	18.3
Poor style of merchandise	0.8
Sizes incorrect	2.2
Delays in store service	15.5
Errors in billing	4.9
Unsatisfactory adjustments	33.2
Other reasons	6.8
Total complaints	100.0

Department store executives are most outspoken on the failure of many buyers to get their selections in line with the customer's desires. Heretofore there has been too much of an attitude on the part of the lordly buyer to select a style or pattern he liked and then try to force the public to accept it.

On this subject listen to Mr. Walter Hoving, executive vice-president of Macy's, New York:

"A piece of merchandise must not be included in a department because it is the whim or personal preference of the buyer. It must be regarded as performing a job for the store much like the job of any employee. . . . No matter how discourteous an employee may be, he can never create the ill-will that a bad piece of merchandise can create. This bad piece of merchandise cries its ill-will to every customer and if it is sold it continues crying in the customer's home for a year or more."

To cure this, the store must "select its selectors" more shrewdly. Too many buyers are given jobs because they have been with so-and-so for a long time, or because some manufacturer recommends them.

Surely there is plenty of business for any skillful merchant. The annual retail intake of the United States is estimated about $40,000,000,000. Chain stores (there are about 100,000 of them) get 16% of this. The share of the 5,000 department stores, chain and independent, is estimated at near the same figure. Mail order houses (there are about 1,200) do 4% of the total business. These three groups share 36% of the national expenditure.

There is remaining the hearty proportion of 64%, or $25,600,000,000, which goes to the regular independents. But five years ago they were doing 70% of the business. As a class they seem most defenceless.

Phillip LeBoutillier (president of the highly-prosperous independent specialty store, Best & Co., New York) says:

"The thousands of small retailers now struggling for existence and whose sole function appears to be to support their landlords, are a charge on the entire economic structure. Dun's and Bradstreet's 95% small-store-failure rate is caused first, secondly, and thirdly by ignorance; ignorance of their shortcomings, ignorance of their public, ignorance of every vital factor controlling their business."

The mail order houses since 1920 have done a little better than hold their own. What about the chains?

There are strong indications that the chain advance is slowing. Successful units depend primarily on good locations, and the best spots have already been preempted. Some of the giant organizations have for some time been weeding out the non-productive units.

On one side of the embattled department store is the chain selling standardized goods at rock-bottom prices but giving little service. On the other stands the high-class specialty store, selling expensive merchandise to the wealthy minority which can afford to be individualistic. Between, there is plenty of room for the department institution—as many well-run stores are proving every day.

Supplanting how many horses? Fleet of tractors on a Soviet state farm

Blueprint of a Nation—in Red

Soviet Sliderulers Plan Industrial Destiny of Russia During the Next Five Years

SUPPOSE President Hoover should assemble a select assortment of economists, engineers, and technical experts and set them to work with sliderules and tons of statistics to map out mathematically the industrial development of the United States from now till 1933. What would the result look like? Would American business stand for it? Would it work?

The President's Committee on Recent Economic Changes started something like that, but it dealt only with the past. It analyzed what has happened since the war. Some people are not satisfied with "up to now." They want a detailed blueprint telling American business what it should do during the next few years.

ONLY one country, Russia, has ever tried it—a country with about the same population as ours, but nearly three times as large, sprawled over a large part of the civilized globe, from the Pole to the sub-tropics, from Europe to the Orient—a vast question mark, big with destiny.

Starting in 1926 through an elaborate structure of planning bureaus heading in a State Planning Commission called the "Gosplan," the Soviet began piling up stacks of statistics, reams of reports, bundles of blueprints, covering every phase of Russian economic life.

With samovar and sliderule, these mathematical mujiks have drawn an amazing map of the miracles that are to be performed in the Soviet Republic, now that the post-war chaos has been somewhat cleared away and Russian economic life brought back about to where it was before the war. This general plan of reconstruction for Soviet industry, trade and agriculture for the five years ending in 1933 is put before American business in an English translation under the title, "The Soviet Union Looks Ahead."

In it every detail of what is determined to be done in Russia in the next five years is set down to the decimal point, in minute and impressive specifications. Here are spread out the working drawings for one of the most stupendous experiments in centralized business control ever attempted.

Nothing is left to chance or discretion, everything is covered in precise mathematical measurement: What factories are to be built and where, what mines to be opened, what railroad lines laid, what kind of cars and locomotives to run on them, how many bricks, yards of cloth, pairs of shoes are to be made, what crops are to be grown, how much each worker is to produce, what the costs of production shall be, what prices of agricultural and industrial commodities shall obtain, what capital will be needed and where it will be used, what the population shall be, how many workers shall be employed, what wages they shall get, and how many square feet of house they shall have to live in.

AN entire nation of 140 million people is laid on the statistical table, dissected with the sliderule and re-arranged with rigid arithmetical precision. Over $30,000,000,000 is to be invested in its reconstruction in this half-decade—and this is only the beginning. Over two billions are to go into electrical development. Forty-two new, vast power projects are to raise the output to four times that of today. Fuel production is to be doubled; over a billion dollars invested in coal and petroleum industries. In agriculture $11,000,000,000 are to be invested, over $3,000,000,000 in transportation and as much in urban housing construction.

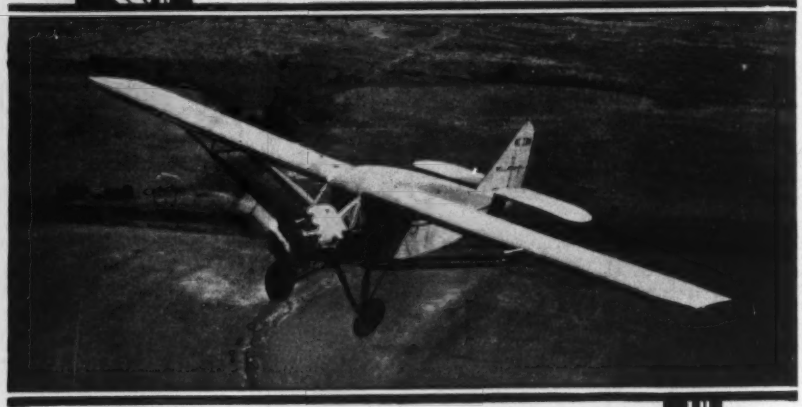
Where is the money coming from? Here the statistics are confusing, but the plan assures us that it is "based almost entirely upon utilization of resources accumulated within the country." "The part assigned to foreign capital invested in concessions is altogether insignificant," hardly one per cent of all new basic capital investments for the five years. Even imports are to be covered almost entirely from export proceeds.

Why is this paper paradise of the proletariat unrolled before American eyes? Is it to make Americans hunger for the Marxian millenium? Or is it to convince American capital that Lenin lives no more, that Russia has recanted?

Bristling with bleak Bolshevist formulas and formidable phrases regarding "battle on the economic front," "iron discipline," and "socialized sectors," this fantastic document must seem to the American the product of statistical fanatics, an academic, even infantile, dream.

But is it a dream? There are no means

The New 1930 BELLANCA Pacemaker



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Fast and strong—beautiful in lines and colors—the new Bellanca *Pacemaker* is indeed "a plane with a pedigree!" Because it has developed the best traits proved in the world-famous transatlantic and efficiency-test Bellanca monoplanes—because it makes these qualities more available than ever to the Bellanca owner—because it is built as only the Bellanca organization can build aircraft—the new *Pacemaker* renews the Bellanca claim to the title "America's finest airplane."

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BELLANCA

of testing the accuracy of the statistics by which the Soviet seeks to show how much is already accomplished in the way of Socialist reconstruction of Russia. But there is no longer any doubt that Russia means business and is dreaming her dream in dead earnest. This vast country with almost untouched natural resources is in the hands of a group with indomitable determination to make it one of the strongest industrial nations in the world, without losing any time about it.

THESE plans are plainly a bid for business with the outside world. Russia obviously counts, but not too much, on securing foreign capital, and without sentiment or strings. Her plans make no promises to the bourgeois world; she sticks steadfastly to her Socialistic program. She sets down specifically, to the decimal, that while 47.3% of her capital now is in the private enterprise, on October 1, 1933 only 31.1% of it will be. By then 83.9% of her people must be working for the state, and 92.4% of her industrial production and 91.1% of her retail trade are to be socialized.

What she wants now, is machinery and materials on long time credits, and technical aid. The former are slow in coming, the latter she is getting rapidly, especially from the United States. In the six years from 1924 to the middle of 1929, Soviet-American trade has amounted to more than one-half billion dollars—15% of the total Soviet foreign trade—made up of $430,000,000 of purchases in the United States and $110,000,000 of sales of Soviet products in this country. Large scale credits, some up to a period of five years, have been granted by an increasing number of concerns, including the General Electric Company, Westinghouse, International Harvester, Allis Chalmers and others. As of August 15, twenty-five contracts for technical assistance have been made with American firms and individuals.

A vast agricultural country is being rapidly industrialized with the aid of American technical knowledge and money, "without the loss of a single day, and for the sake of great historical attainments." If you ask what these are to be, they answer frankly: "The great task set by the five year plan . . . is that of attaining and surpassing the economic level of the advanced capitalist countries in the approaching historical period, and of thus assuring the triumph of the Socialist economic system."

American business is invited to lend a hand.

Freight Container Coming into Its Own

Do you ship small lots? If so, you should know about the progress—and attendant warfare—in this field

THE container method of handling less-than-carload freight, first operated in a really practical manner by the New York Central in 1921, is on the verge of tremendous expansion. The service is now confined almost entirely to central trunk line territory served by the Central, the Pennsylvania, the Lehigh Valley, the B. & O., and the B. & A., but all of these roads have asked the I. C. C. for permission to extend the container system westward to Chicago and St. Louis. If permission is granted, the roads will cover all principal points in the territory where motor truck competition has played havoc with railway traffic, both on long and short hauls. By thus furnishing practically door-to-door service the railroads meet their chief competitor on his own ground.

Farther West, the Missouri Pacific has also filed application with the I. C. C. for interstate container service, asserting that its revenues have suffered greatly from the inroads of the motor truck. But the application aroused a storm of protest from other roads, and from shippers and chambers of commerce. They declared that the time was not ripe for container service in the West, that it would disturb the existing rate schedules of carriers not using it, and subject them to ruinous competition. The report of Examiner Ames of the I. C. C. upholds these contentions, and denies emphatically that motor truck competition in the western territory is severe enough to warrant the use of containers.

The principal actors in the drama of container service are, and doubtless will continue to be, the New York Central and the Pennsylvania. Impending developments, instead of lessening the rivalry that has always existed between these great systems, will only serve to intensify it. For many years the Central, as the pioneer in the expeditious handling of less-than-carload freight, had things pretty much its own way in the container field. But in January, 1928, the Lehigh Valley began the operation of container service, and was followed the next June by the Pennsylvania. Rates are the same on all three roads—five cents a mile for the first 4,000 miles, with a one-fourth cent per mile per container increase for each additional 500 miles up to 10,000 pounds, the maximum.

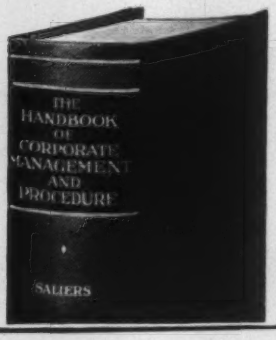
That the Pennsylvania will soon be a formidable competitor of the Central is indicated by the formation of the National Freight Company to do a general freight forwarding business on the Pennsylvania and other lines, and the subsequent acquisition by National Freight of the Judson Freight Forwarding Company, the second largest unit of its kind in the United States.

EVER since the Civil War the railroads have been trying to find better means for handling their increasing and ever-changing carload traffic. The movement of perishables finally brought on the refrigerator car; the tank car appeared to haul great quantities of oil and, later, milk; the flat car was introduced to handle such freight as lumber and machinery. But for many years nothing was done about less-than-carload package freight, although it had always been a thorn in the flesh. It required 25% of the roads' box cars to handle it, yet it was not more than 3.3% of the total tonnage, and approximately 30% of the loss and damage claims arose from handling it.

This state of affairs continued until the freight forwarder appeared with his system of consolidating less than carload shipments of the same classification into carloads, thus getting the carload rate. He makes his profit on the difference between the carload rate and the rate he charges less-than-carload shippers, which is slightly lower than the regular rates. This consolidation benefits both shipper and carrier. The former obtains a lower rate on small shipments, and the speed accorded through freight. The railroad can trace each shipment, thus reducing the risk of loss. Also handling charges and waybill expenses are greatly reduced. In a consolidated carload of 38,000 pounds, the cost of waybilling is 23 cents. But the waybilling of 58 individual shipments of the same weight costs $42—and the average L. C. L. carload is 58 shipments.

The use of container cars, the second step in the more efficient handling of less-than-carload freight, is the most significant and far-reaching of all modern developments in the transportation

. . . a business book every business needs . . .



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of freight. It promises to revolutionize methods of shipping small packages, long the bane of railway traffic.

A container is a steel box 9 feet long, 7 feet wide, and 8 feet high, with loading capacity between 8,000 and 10,000 pounds of merchandise. Goods are placed in containers at the shippers' platform, loaded on trucks, fastened with the shippers' lock, and carried to the freight depot or pier. Here, huge gantry cranes lift the container bodily on to a flat or gondola car. They cannot be opened until removed from the car. At destination, the consignee's truck takes the full container to his door, and returns the empty to the railroad, which always keeps a number on hand to deliver at shipper's order.

PENNSYLVANIA uses a five-load container car of the Keystone Container Corporation; the New York Central, a six-load container of the L. C. L. Corporation. The former rests on a flat car, the other, on a gondola car. The difference in the two types of containers makes interchange difficult. The Pennsylvania produces its own container cars. The New York Central does not lease container cars from L. C. L., but has an interesting arrangement for their use. The container car was invented and patented by the late A. H. Smith of the New York Central. In return for reimbursing the estate for expense incurred in perfecting this invention, Central received the right to use the container and make use of the patents of L. C. L. Corporation without paying royalty or mileage on the use. Where cars go beyond New York Central lines, a royalty or mileage is paid, in the same manner that other roads pay for container car usage.

The effectiveness of container car service in expediting the handling of less-than-carload shipments is now well recognized. Shippers, carriers, chambers of commerce, and all cognizant with modern traffic needs are loud in its praise. The chief trouble is over present rates. Examiner Ames, while praising the principle of container car service, contends that rate schedules are out of line with existing freight classification, and unduly discriminatory.

The many advantages of container service, however, far outweigh the objections. From the railroad's standpoint, it is an effective method of combating motor truck competition; it expedites service in effecting practical store-door receipt and delivery; cuts down expenses in handling less-than-carload traffic; virtually eliminates loss and damage claims; and greatly increases carloadings. To the shipper it gives tremendous savings in packing costs; expeditious service; elimination of loss and damage; and marked savings in freight rates.

The lack of ready interchange between the Keystone container used by the Pennsy, and the L. C. L. container in use by the Central, is considered by Mr. Ames a serious drawback. Whether the containers of L. C. L. Corporation are more satisfactory is debatable, but at least they are at present the most popular. They are now in use by New York Central, Lehigh Valley, B. & O., and the B. & A., while the application of the Missouri Pacific calls for containers of this type.

The Pennsylvania, by tenaciously clinging to the five-load Keystone container, appears to be building up a Chinese wall around itself. The I. C. C. may some day compel the adoption of uniform containers on all lines in the interest of speeding freight movements.

The adjustment of container freight rates presents a difficult problem. It is not sufficient to say that they are out of line with "existing rate schedules." Freight rates are based not only on the bulk, weight, and type of commodity, but likewise upon cost claims, labor costs of loading and unloading, and terminal facilities. Container service eliminates to a large degree these last three items. The basis of container rate structure then is not the same as that of ordinary less-than-carload rates. Are container rates really so far out of line with the existing rate structure when this fact is taken into consideration?

▼

Hot Strips Rolled Like Paper

TAKING a page from the experience of paper manufacturers, possibly, Sharon Steel Hoop Co. has just placed in operation a plant for continuous rolling of hot strip steel at high speeds. It rolls from 2½ in. to 10 in. strip at speeds up to 2400 ft. per minute and in coils weighing from 150 lbs. to 2000 lbs.

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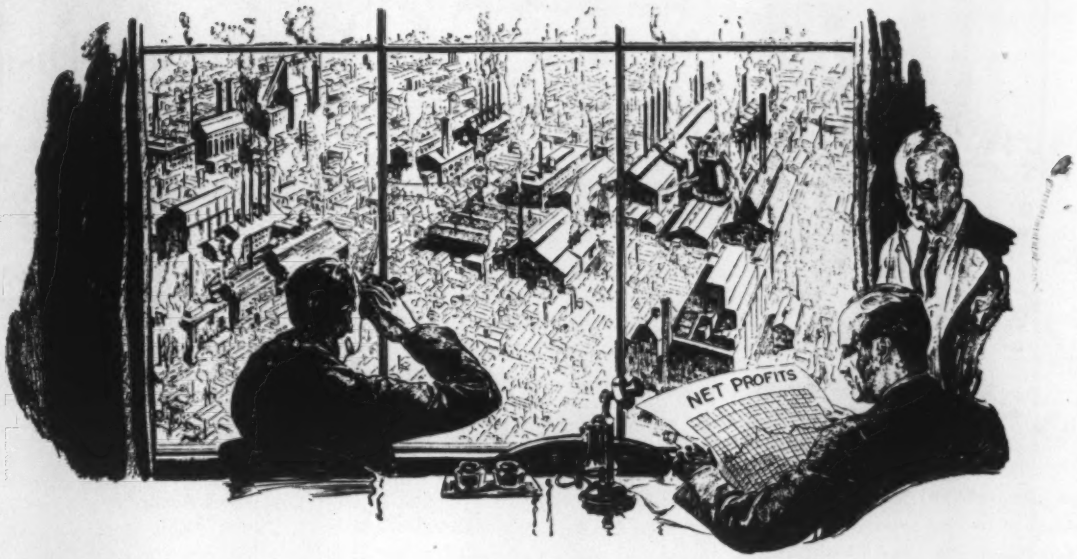

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The Bureau is equipped to supply pertinent plant location information on the various localities and sections of the country. This information means more than names of places, size and population. It includes available raw materials and markets, power and transportation facilities, labor conditions and local legislation. A classified listing of available industrial properties is also maintained as a part of the service to industry.

Readers of McGraw-Hill publications are already drafting the help of the Bureau in their preliminary studies of plant expansion, branch operations and relocation. Can you use this service? Maybe your profit margin can be broadened by the natural and economic advantages of other localities, by closer proximity to new markets. Maybe not. But such possibilities should not be overlooked.

Direct your correspondence to the Industrial Site Service Bureau, McGraw-Hill Publishing Company, Tenth Avenue at 36th Street, New York.

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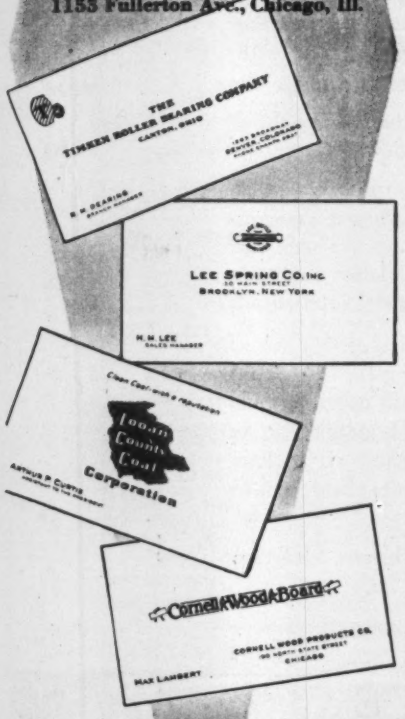

WIGGINS
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Mexican Labor Law Brings Dismay

IF THE proposed labor code in Mexico is adopted, and this seems entirely probable now, it may prove to be the straw that broke the camel's back in that country's industrial development. Capital has more or less successfully weathered the storms of revolution and banditry for 18 years, but no one is in a mood now to humor the Mexican government in this latest escapade. Americans, with capital investments amounting to $1,250,000,000, are disgruntled.

Authentic reports from responsible critics on the ground are scarce. Everyone is afraid to incur the ill will of the Portes Gil Government. But the articles of the code are not any more indefinite than they are timid in their demands on employers. Some of the most uneconomic clauses:

Without political representation, industry must accept all laws from the State.

Minimum wages are determined by Government authorities.

Labor contracts will run for an indefinite period for the employer, and the workman is not obligated to do more work than stipulated in the contract. If one job is terminated, he need not complete his workshift by doing other work.

The employer cannot employ whom he wishes, nor discharge an unsatisfactory or unnecessary worker without giving him three months' notice or pay equivalent to three months' wages.

Employers are compelled to build or provide the workers with "comfortable or hygienic dwellings," for which they cannot charge more than one-half percent a month of the taxation value. As the law is worded an unmarried man as well as those with families must have a dwelling provided for him.

Industrial reactions are gloomy. Mining companies are uniformly against the proposed change. New development work has almost stopped. Several properties are concentrating attention on producing all they can before the new law makes further operation impossible.

The railroads are as much concerned over the new code. Officials of one line predict that expenses under the proposed law will increase 50%. This would increase rates on freight, passengers, and express beyond ability to pay, reducing business to the detriment of everybody.

No one can say how this experiment will work out. It may discourage foreign business—American business especially—in Mexico. It was inevitable, though, that Mexico, destined some day for industrial development, should sooner or later have to frame labor laws in the spirit of the advanced industrial nations. The only question is whether she may not have anticipated her industrial development too far.

South's Crisis Needs Cool Heads

SOUTHERN industry, as a whole, faces today a more serious situation than any since last March, when labor disturbances in textile mills began.

A condition of hysteria exists, and under that condition anything may happen—that is, anything except an approach to the solution of the problems.

The riot at Marion, N. C., during which three strikers were killed and 20 injured is a tragic example of what may be expected. The question of whether the mill violated its previous agreement as charged by the Union, and even the question as to who fired the first shot, are subordinate to the broader question of where the present situation is leading.

The *Textile World* says: "This is not a local Marion problem—nor a Gastonia problem. It involves all Southern industry; indirectly, all American industry.

"It is admittedly difficult for any one community or for any one group to visualize its relationship to the South as a whole or to the country as a whole when an immediate and local crisis confronts that community or that group. Nevertheless, such orientation is absolutely essential if a bitter and destructive class warfare is to be avoided.

"Manufacturers collectively and individually must recognize the explosive atmosphere now prevailing and must guard against the slightest act which might prove to be a spark. Union leaders—in the interests of the great mass of workers whom they aim to represent—must realize that no good can come out of chaos. Officers of the law must exercise the utmost restraint even if at times it means failure to enforce the letter of the law in its strictest sense.

"Unless all these groups can recognize their public responsibility, there will ensue a long drawn out struggle, the scars of which will not be removed for many years. During that time, employers, employees and citizens in general will suffer—and will achieve nothing, but lose much, through that suffering."

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OVER a thousand people applied for passage on the first flight of the Transcontinental Air Transport between New York and Los Angeles . . . inaugurated on July 7th last.

There has never been a more auspicious beginning for a transportation line . . . never has greater care and forethought gone into the development of a transportation service. Because the vehicles employed must lift human beings out of their element to fly across the sky, it was necessary to leave nothing to chance . . . it was vitally important to reduce every hazard to a minimum and to insure every possible comfort for travelers.

The Pennsylvania Railroad and the Santa Fe co-ordinated their tremendous resources in technical equipment, in personnel, in transportation experience to insure the successful practical operation of scheduled airplane flight for passengers from coast to coast . . . broken only at night to provide more spacious sleeping accommodation in Pullman trains below. The cost of passage, including meals aloft, is placed tentatively at $339.

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Chains Not Sure of Next Move

IF Dr. Julius Klein is correct in his prediction to chain store men that intensive rather than extensive development of chains is next in order, then, comments one shrewd insider, "chains are in a pickle."

For several bull years the public has been trained to expect regularly in newspapers and elsewhere rapidly mounting figures of monthly chain store gross sales. Such figures have attained the dignity of a business barometer.

Extensive development has a glamor that intensive development lacks. As soon as a chain ceases to report the customary monthly gains in gross, the public is quite likely to jump to the conclusion that it is slipping.

So widespread is public interest in market quotations that a substantial or continued decline in a stock tends to injure business of the company concerned. If a stock declines consistently many persons assume that something must be wrong with product or service.

Great Atlantic & Pacific Tea Company, which has never published its gross sales, now finds itself in a position of strategic advantage. A number of months ago the company started to do what Dr. Klein predicts may now become general. Many stores have been closed; average efficiency and earnings are said to have increased. Estimates are that the number of A. & P. stores is some 10% under the peak, when it was thought that the system had around 17,000 units.

Chains which would like to follow the lead of A. & P. in this shift from extensive to intensive development are under great pressure not to do so. Managers foresee how bad the gross figures will look in the newspapers. They fear the consequences.

It is indeed a dilemma. Have the chains the nerve to do the sensible and businesslike thing—concentrate attention on intensive development rather than to keep on expanding extensively?

Just what part of their field the chains select for intensive cultivation will be significant. Some of the most successful administrators say they are finding better profits in their small stores than in the bigger ones because the smaller stores require less supervision in proportion to total sales than those doing large and varied business. If this is true, generally, it may have a profound effect on the trend of chain store development.

—witness the GROWTH

of the REINFORCED CONCRETE DOCK Roll Call

THE day of property confiscation among nations is rapidly passing—likewise confiscation among business men. THE FERGUSON PATENT No. 1,089,405 on REINFORCED CONCRETE DOCKS has stood the test of five separate Federal Court decisions and every FERGUSON DOCK built is an outstanding example of superior strength, endurance and economy. The list of FERGUSON DOCK owners is rapidly increasing—six more dock owners within the last sixty days having seen the wisdom and economy of calling a halt on any further patent-dodging program. They, also, are now keeping step with the onward march of progress. Read the ROLL CALL.

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Grasselli Chemical Co.
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Winkworth Fuel & Supply Co.
Chicago, St. Paul, M. & O. Ry. Co.
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Lake Superior & Ishpeming R. R. Co.
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The M. A. Hanna Co.
Detroit Iron and Steel Co.
The Cleveland Cliffs Iron Co.
City of Cleveland
C. & B. Navigation Co.
D. & C. Navigation Co.
State of California
City of Houston, Texas
Kelly Island Lime & Transport Co.
Bethlehem Steel Co.
Chester Shipbuilding & Dry Dock Co.
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Sun Shipbuilding Co.
Virginia Shipbuilding Corporation
Peerless-Egyptian Cement Co.
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Sanford & Brooks Co. of Baltimore, Md.
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Gulf Refining Co.
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In thus approaching its job, The Business Week has one dominant aim: to serve the business man. To provide him with the news in and out of business; to tell him what it means. To do this in a manner so lively and interesting that he will look forward to his *hour a week* with The Business Week.

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BW 105

Your New Car's First Driver

THE "drive away" caravan of new automobiles moving under their own power from factory to dealer, is a spectacle familiar enough to the public. What the layman doesn't know is that this is a huge business. One concern, the Universal Automobile Forwarding Co., will gross $2,000,000 this year. It will deliver 150,000 cars, at an average fee of $15. Universal was formed by a recent merger. Its headquarters are Cleveland.

A great division center of the business is Sturgis, Mich., a town of 6,000 population on U. S. Route 112. It is 139 miles from Detroit, 141 miles from Chicago, and is about midway between Lansing and Chicago, and Toledo and Chicago. Cars leave factory points about six o'clock in the evening and reach Sturgis next morning at two o'clock. The drivers return home in company buses, and fresh men brought on by bus from Chicago, who know the city's streets, take the cars into Chicago and deliver them to the dealers. The cost of this service is $26, including insurance coverage.

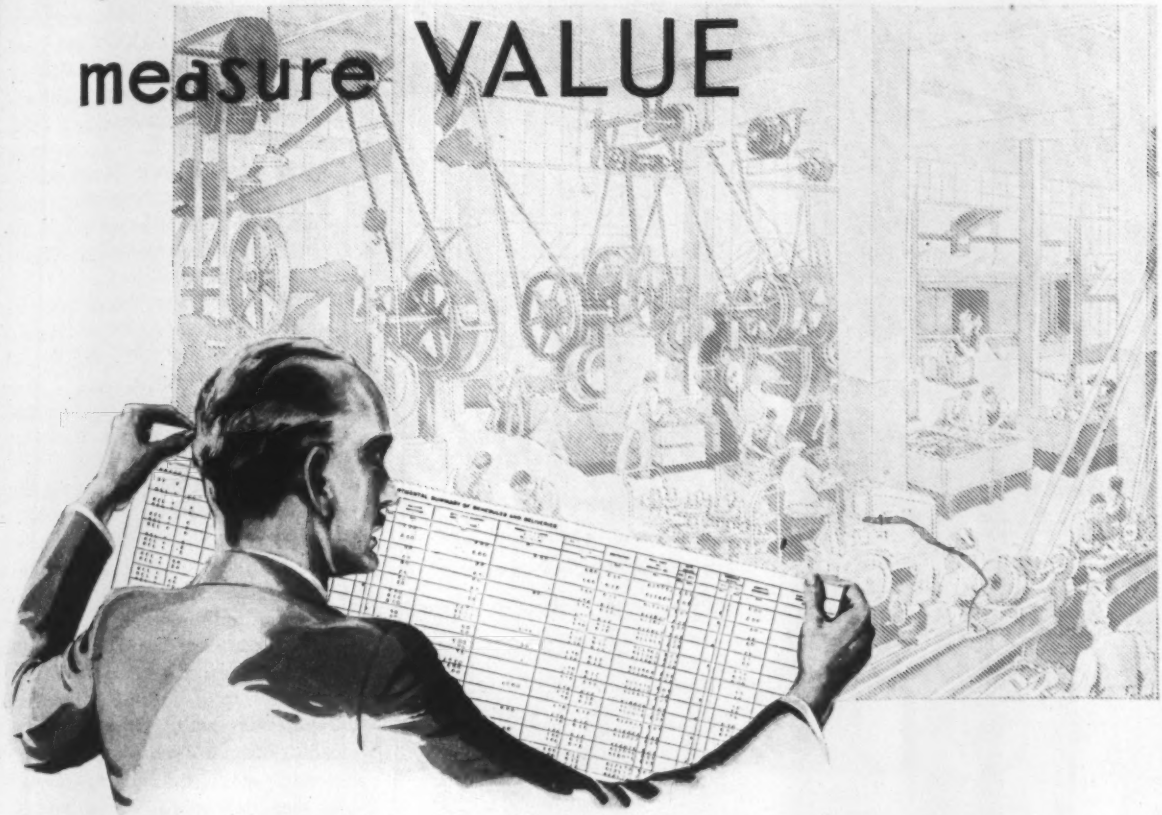
If rush deliveries are not essential, Universal saves money by transporting machines by boat from Detroit, Toledo, and Racine, to Chicago, Cleveland, Buffalo, and Milwaukee, where branches are maintained and drive-away crews are always available. About 1,500 drivers are almost continually in service. In making water shipments, Universal cooperates closely with Nicholson Universal Steamship Company, a subsidiary of United States Freight Company.

Universal Automobile has developed an effective method to prevent its drivers from speeding new cars. Before a machine leaves the factory, a triangular steel plate, called an "orifice governor," is inserted between manifold and carburetor, and sealed there with wire and lead. In this plate is a small hole, which lets in sufficient gas to drive twenty-five miles an hour, but no faster.

▼

PALESTINE'S first power station, below Lake Tiberias on the Jordan River, will be ready for operation in December. It will be equipped with three 8000 horsepower turbine generators and the current developed will be carried at 66,000 volts over two transmission lines to Haifa and Jaffa, the country's leading seaports.

only FIGURES can measure VALUE



NOWADAYS successful management requires a day-by-day knowledge of operative and administrative values. *And only with figures can you measure these values!*

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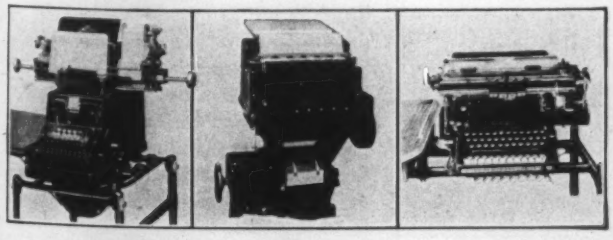

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A One-Man Bank Chain

OTTO BREMER of St. Paul is reputed to hold stocks in more banks than anyone else in the United States. He has no holding company or centralized control for his group. He is himself the only center.

Large stock interest in 45 banks in several states of the Northwest, as well as some holdings of Eastern bank stock are in Mr. Bremer's portfolio. This compares with thirty-odd banks held by the recently formed First Bank Stock Corporation of Minneapolis and St. Paul with resources of $350,000,000. The Northwest Bancorporation, formed early in the year, is about as big. Mr. Bremer's banks have resources of about $75,000,000.

Mr. Bremer is chairman of the American National Bank, the Commercial State Bank and the Rice Street State Bank, all of St. Paul. Although the holder of such large interests, Mr. Bremer does not consider himself a group banker, but rather an "investor in bank stocks."

Now the organized chain banking system has sprung up and assumed large proportions in the Northwest as elsewhere. Rumor has had it that Mr. Bremer will join one of the chains. He has the nucleus for a powerful chain himself, if he wished to form it. He isn't settled on what is to take place. But he is in a key position. Mr. Bremer told THE BUSINESS WEEK:

"Great changes are taking place in the banking world. We can not tell what the final structure of the banking world will be. We can only wait and see.

"In no case have I ever gone out and bought an interest in a bank. In every case I have been invited to become a stockholder, or have had a part in organizing the banks.

"Where local bankers will cooperate to clean up a bank I have often joined them as a stockholder. I draw no salary from any bank with which I am connected. Each bank is run separately. There is no chain or definite group plan involved. I have no holding company or large central organization. As one of the principal points of contact, I assist the smaller banks in purchasing securities for their investment, without making a charge for this service.

"I insist that the banks with which I am associated shall limit their dividends to 6% on invested capital, putting all the rest of income into surplus or undivided profits."

Women Winners of Foreign Trade

THE Chinese man holds women in small esteem.

In the face of this tradition, the Bureau of Foreign and Domestic Commerce has appointed a woman to a most important commercial post in China. A. Viola Smith (Miss) is Trade Commissioner at Shanghai. If there are any Chinese who harbor a contempt for Miss Smith, they are careful to hide it.

Miss Smith is not mannish, but she certainly is no shrinking flower. Her hair, her speech, her skirts are short. She dresses mostly in plain, businesslike suits. Going to a conference of exporters, or the opening of a new hong, Miss Smith travels with a long, purposeful stride that makes coolies step respectfully off the sidewalk.

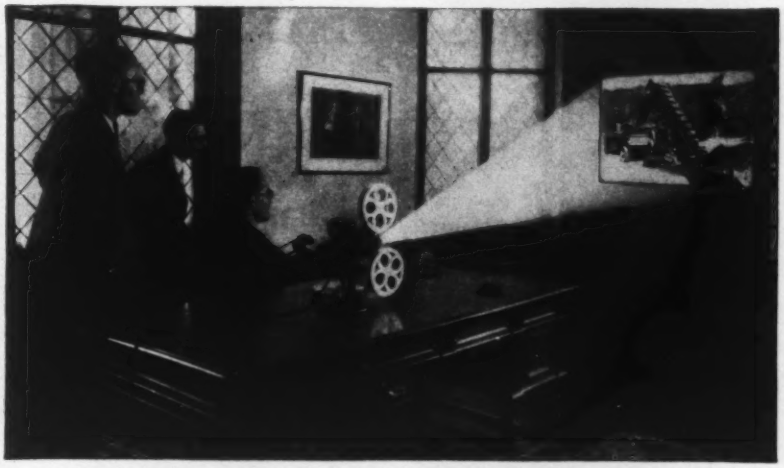
A kick in the pants is the method usually used by foreigners to discourage Chinese hooligans who show signs of getting rough. If the feminine Trade Commissioner refuses to employ this gesture, at least she looks as if she might. Small yellow men examine with awe the width of her shoulders.

Californiacs would aver that state (famous for its sunshine) gave her this excess of vitality. She was born in Stockton. Her poise might be traced to her law studies at Washington College. After getting practical business experience with a dry goods house she went to the U. S. Department of Labor, Woman's Division. In 1920 she was sent to Peking as clerk to the Trade Commissioner. Two years later she had shown so much ability that she was appointed Assistant Trade Commissioner at Shanghai. Last year she was promoted to Trade Commissioner.

At first she was the only woman in this service. Now there are two others. Elizabeth Humes (also Miss) is Assistant Trade Commissioner at Rome. She was born in Memphis, Tenn., but got her education in the capitals of Europe.

The third and most recent appointment was that of Miss Gudrun Carlson, who (as you might guess) was sent to Oslo, Norway. Her home was Chicago, whence she was appointed early this year.

In the United States, Miss Mary E. Woods is manager of the Cleveland branch office of the U. S. Department of Commerce. She has just completed a survey of conditions in Germany looking toward the marketing of more Cleveland products there.



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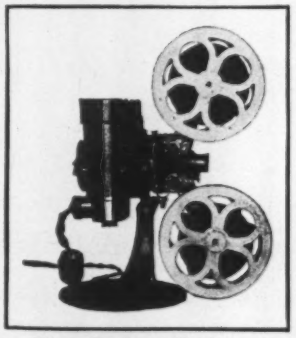

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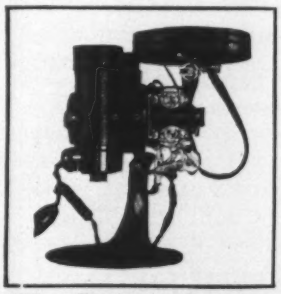

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Prospector Rides Airplane Now, Not a Burro

THE world's knowledge of its ore reserves is being rapidly extended by the use of the airplane. Aviators prospect from the air and make photographic maps of unsurveyed areas, and also employ their machines to carry men and supplies into inaccessible territory. The most important regions which are thus being explored are northern Rhodesia and northern Canada, where work that would ordinarily have taken years is accomplished by airplanes within a few days. In Canada the flyers are investigating land never before seen by white men.

In Rhodesia the Rhodesian Congo Border Concession, Ltd., is using airplanes to determine the mineral wealth of 52,000 square miles of land stretching along the Belgian Congo border immediately south of the great Katanga copper region. The work is being carried out by ten Europeans using two De Haviland Type 9 airplanes, each equipped with an Eagle camera. Aviators also carry heavy rifles for protection, in the event of forced landings, from the lions and other wild beasts.

The aviators fly over the African bush searching for natural openings in the surface vegetation. These openings, called "dambos," point to the presence of copper salts in the soil, which make it impossible for trees to grow. The dambos show up clearly in aerial photographs, and once they are disclosed the airplanes carry members of the ground-prospecting staff into the bush, and they are investigated. It was obvious that a forced landing almost anywhere in the territory would be disastrous, so before the work of flying was begun emergency landing fields were constructed at twenty-mile intervals over a 20,000 square mile area chosen for a thorough investigation. The aviators completed their exploration of this region, however, without a forced landing being necessary. An aerial survey of the remaining 32,000 square miles was carried out without the safeguard of landing places, but only two forced descents were made. The first was forty miles from a base, but the pilot landed safely upon a grassy dambo. The other was a hundred miles from the nearest white man, but again the pilot brought his machine safely to the ground. He landed in a region thickly infested with lions, and was in great danger until found by a rescue party.

Several aerial prospecting companies are at work in northern Canada. Prominent among them is the Northern Aerial Minerals Exploration, Ltd., which was organized last year and immediately began one of the greatest prospecting programs ever undertaken. Operations extend from the Alaskan border westward to the coast of Labrador, and from the Canadian transcontinental railway north to the Arctic Circle. Last year the company's aviators completed 100,000 miles of flying without a casualty, much of it over virgin wilderness. Seven groups of mining claims have already been staked, all of promising mineral value.

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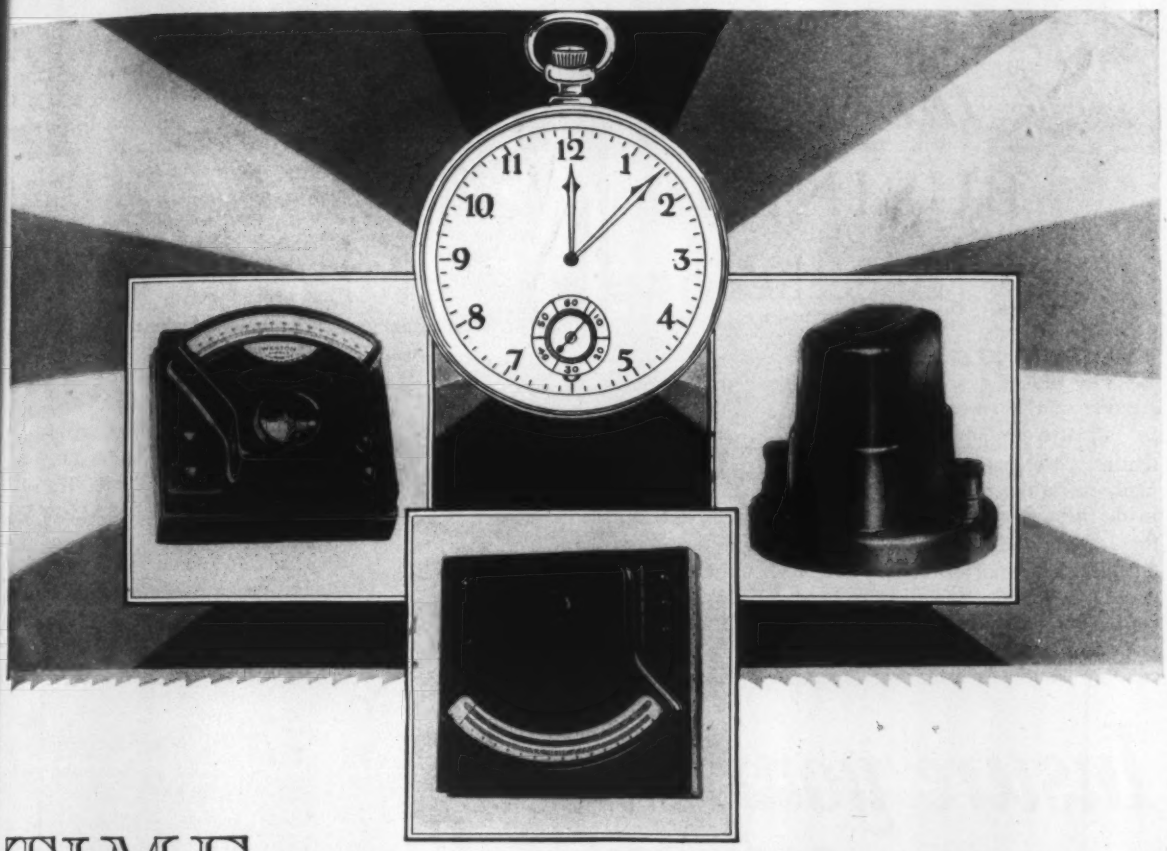

TIME—*the Sponsor of Quality and Service*

ELECTRICITY is frequently referred to as the mainspring of industry. It is an apt analogy since, when electric power is properly proportioned to the needs of production machinery, and the whole system is nicely balanced electrically, factory equipment functions much like the works of a well-regulated and extremely accurate watch.

Continuing the analogy, if time-accuracy is deemed necessary in industry as a gauge on human efficiency, how much more essential is the absolute dependability of instruments used for checking the efficient application of electric power to every phase of plant operation, for electricity affects practically every activity incident to production—the output of the individual as well as the machine. The established standards for the measurement of time and electricity employed in modern practice are comparable only in their mechanical refinements.

The finest watch that was ever made resulted from simple operations compared with the extreme complexity of processes—chemical and electrical as well as mechanical—required to produce many of the small parts and elements essential to the maintenance of Weston standards of performance.

There is no sacrifice of highest quality—either of materials or workmanship—permitted in a world-famed Weston. Notwithstanding the many precise manual and mechanical operations, the hundreds of inspections and tests and the incredibly small tolerances and working limits prescribed, the cost of a "Weston" is remarkably low—in the smaller sizes even under the price of the cheapest watch!

There are put into each Weston instrument long hours of time so as to insure long years of dependable service

Pursuing the watch analogy to a concluding reminder—it takes time to make a "Weston" as it does any quality product, a fact which in the end brings greatest satisfaction to the purchaser and user.

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INSTRUMENTS

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The Week's BUSINESS Speeches

DR. JULIUS KLEIN, assistant secretary of commerce, at the Chicago meeting of chain executives:

"Intensive development instead of extensive development as heretofore is likely to be the major trend of chains in the next few years. Indeed, one of the largest and most successful chain organizations is understood to have reduced its system by many hundred stores in the last two years with a resultant gratifying increase in net profits. Chains can learn much from efficient independents. There is no necessary correlation between bigness and prosperity any more than between bigness and wickedness. Both virtue and vice come often in small packages. Many a chain executive who has succumbed to a sort of mass mania needs to recall the old axiom, 'The bigger they are, the easier they are to hit and the harder they fall.' The roar of volume is not the theme song of prosperity. Instead it is the still small voice of the receiving teller who murmurs a 'thank you' for those week end deposits."

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Commenting on Washington's refusal to send a delegate to the congress on penal sciences at Buenos Aires, the editor of *La Nación: The United States has assumed the only attitude that could be expected in the face of a long series of discourtesies on the part of the Argentine government.*

CASE R. HOWARD, manager, foreign trade department, Canadian Bank of Commerce:

"There is a jealousy among certain foreign nations because of the profitable trade between Canada and the United States. A by-product of this jealousy is the circulation of propaganda designed to disturb both our business relations and international good will. The utterances of political or quasi-patriotic leaders may furnish ammunition for these propagandists and do almost incalculable damage to our business and financial operations, and disturb our interchange of trade. Ultimately, it would be the American wage earner who would suffer."

JAMES A. CAMPBELL, president of the Youngstown Sheet and Tube Company:

"We must expect a slowing down in business following the high rate maintained during the first eight months of this year. September business was good, better in some lines than in August, but it showed signs of tapering toward the end of the month. Of course, the momentum at which business is traveling is sufficient to bring out new business for the steel trade, but in diminishing volume.

"The automobile industry is already curtailing. The number of cars in dealers' hands is very large. Conditions as a whole are not conducive to continuance of the excellent business we have been enjoying.

"While everything is being done by the government to help the farmer, I am afraid results will not be immediate. Elevators are still full of last year's grain, while a new and larger crop is coming in. The surplus production must be disposed of. It is a difficult problem. In the meantime, purchasing power of the farmer is impaired."

We are in a silk era, principally because of the prosperous condition of the country during the past several years. The advent of rayon has not resulted in any decline in the consumption of silk. The latest available figures show that the imports of raw silk are 9% greater than the record imports of last year.—Dr. Julius Klein.

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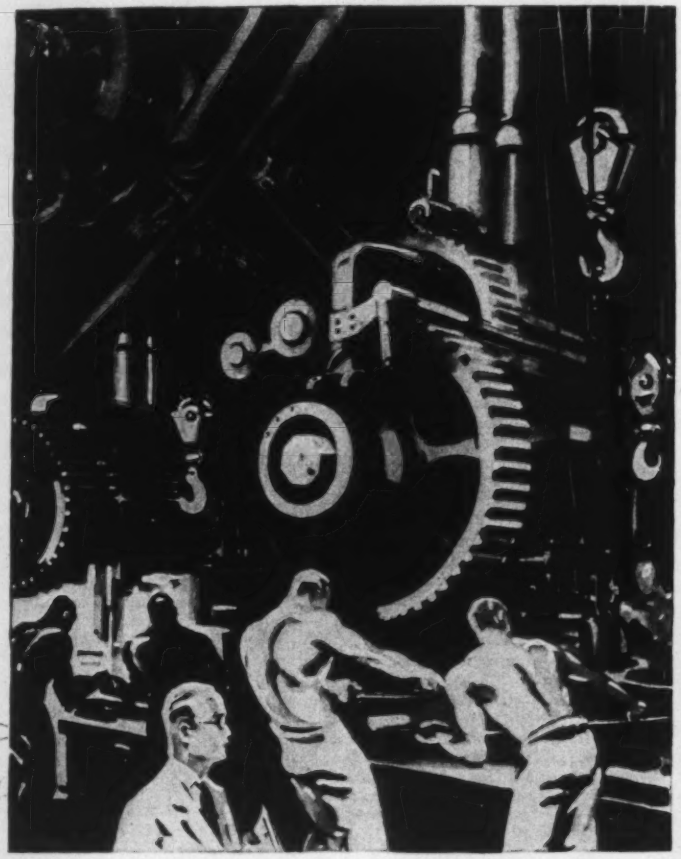

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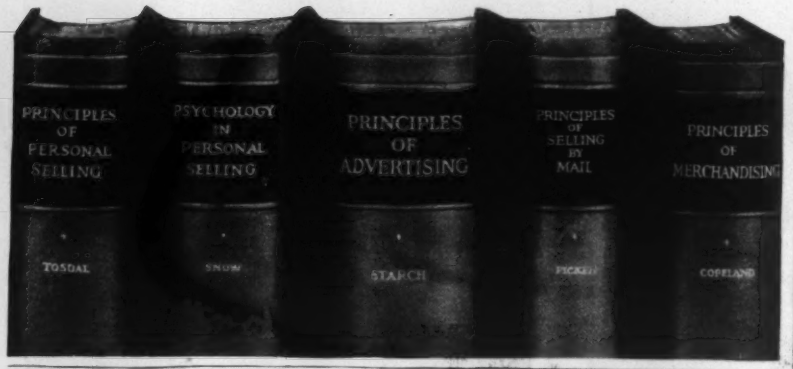

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—Ways for holding salesmen
—How to establish a sales school in your organization
—What mailing dates are most preferable?
—Do your letters agree with the "six basic rules"?
—To what motives does your letter appeal?
—Is your choice of words effective enough?
—Is your letterhead right?
—Would a premium offer be advisable?
—What is the mail sales "formula"?
—What are the rules for reaching the retail trade?
—What is most important to farmers?
—How would you appeal to jobbers and dealers?
—What makes a sales follow-up successful?
—What is the first step in laying out a merchandising plan?
—What are the significant classes of consumers' goods sold for retail distribution?
—What vital factors distinguish the organization of the stores of the J. C. Penney Company?
—To what extent are manufacturers' advertising and manufacturers' brands of consequence in the trade in shopping goods?
—Is it sound practice to grant an exclusive agency to each wholesale firm handling your line of specialty goods?
—What is the significant difference between primary and selective motives?
—What qualifications are of major consequence in hiring salesmen?
—What is the quota plan of paying salesmen?
—What procedure should one follow to estimate sales?
—What methods must one use to maintain a rapid rate of stock turn?
—To what extent are different classes of goods responsive to changes in prices?

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Wide Reading

BEHIND THE SOUTHERN TEXTILE STRIKES. Marion Bonner. *Nation*, October 2. Local color, human reactions, labor education.

WHERE IS THE MERGER MOVEMENT LEADING? William R. Basset. *Printers' Ink*, September 26. A single mammoth organization could transact all American business.

THE WAR DEBTS. Edwin L. James. *World's Work*, October. What the Young plan would do to War debts.

WHAT WILL BOULDER DAM IRRIGATE? Robert Stewart. *Plain Talk*, October. The dean of the College of Agriculture of the University of Nevada lifts the cover of a Pandora box of misgivings over results that the optimistic expect from Boulder Dam.

EXPLORING THE AIR. Charles G. Abbot. *Outlook and Independent*, September 25. "Stop" signals 25 miles from the earth.

THE ECONOMICS OF INDIAN UNREST. Sir Basil Blackett. *Foreign Affairs*, October. Racial antagonisms, clash between East and West, secular struggle of Hinduism—these, rather than any economic conditions, are seen as the mainsprings of unrest in India.

MATERIALS OF CONSTRUCTION. *Chemical and Metallurgical Engineering*, September. Insert. A chart giving complete information regarding 117 materials of construction which have resistance to corrosion, heat, and abrasion.

RAMSAY MACDONALD. Elizabeth Glendower Evans. *Atlantic*, October. Biography—intimate, vivid, but hampered by somewhat sentimental style.

DICTATORSHIP IN CUBA. *New Republic*, October 2. A fresh slap at United States imperialism and American sugar interests.

CLEANLINESS—THE FOOD MANUFACTURER'S BEST FRIEND. *Food Industries*, October. Entire issue devoted to summary of methods of promoting cleanliness in each important branch of the food industry.

FIRST COUSINS, INSTANTLY REMOVED. John Palmer Gavit. *Graphic Survey*, October. Some humorous pokes at intolerance between near-relatives in the racial and national scale. A good antidote for war.

THE ART OF MUDDLEMENT. Will Irwin. *Scribner's*, October. Reveals the methods by which public opinion is swayed by propaganda's amazing perversions.

THOSE INFERIOR FOREIGNERS. Johan J. Smertenko. *Outlook and Independent*, September 25. The workings of assimilation in the second decade after the War. Labor difficulties—and social.

BUS REVIEW. *Bus Transportation*, October. Review issue reporting progress made by electric railways in operating buses.

BOTCHED CITIES. Lewis Mumford. *American Mercury*, October. Points a new way for the city planner—and gets down to causes of blunders.

RETAIL PROFITS. W. R. Dunlop. *The Economic Journal* (London), September. One-quarter of the price which the consumer

pays goes to the retailer. A large slice, due to existing methods of retailing.

WILL THE VATICAN HAVE A BANK? Riccardo Savini. *Commonweal*, October 2. Yes, probably, and with it many financial functions (including a mint) new to the Holy See.

OIL LEGISLATION IN LATIN AMERICA. Sir Arnold Wilson. *Foreign Affairs*, October. Suggestions for rationalization and a codification of an international oil code "which might well come from the American Petroleum Institute with whom, if invited, the representatives of the European industry would gladly cooperate."

THERE OUGHT, OF COURSE, TO BE A LAW. Pierre de Rohan. *Theatre Magazine*, October. A polite inquiry into the high cost of theatre-going. Some interesting figures on production "failures."

WHAT THE NEGRO MEANS TO AMERICA. Herman Keyserling. *Atlantic*, October. The stamp of the Negro on our business civilization.

OUR LAST FRONTIER. Lillian Symes. *Harper's*, October. Industry's reliance on the intellectual has made Manhattan the last frontier for ambitious young America.

THE RAYON INDUSTRY. *Textile World*, September 28. Annual rayon number including world statistics on rayon production and consumption.

MILITARIST BAIT FOR STUDENTS. Duff Gilfond. *New Republic*, October 2. The beat of drum and piping of fife, the lure of a snappy uniform, and company of co-ed "colonels," are subtle bait to attract the student to college.

MAIN FACTORS OF DISARMAMENT. Philip Marshall Brown. *Current History*, October. Terse statement of A B C factors in naval reduction.

BOOKS

THE STORY OF THE BALTIMORE AND OHIO RAILROAD. Edward Hungerford. Putnam, 2 vol., $10. The romance of the iron horse vividly and dramatically told. How the railroad helped our nation grow, service during the Civil War, struggles under government operation, and progress in the twentieth century.

SALESMANSHIP FOR THE NEW ERA. Charles W. Mears. *Harper*, 240 pp., $3. Various methods for salesmen and sales managers.

LOKI: THE LIFE OF CHARLES PROTEUS STEINMETZ. Jonathan Norton Leonard. *Doubleday Doran*, 291 pp., $2.75. A more vivid picture of Steinmetz' personality than of his accomplishments and his way of working.

ECONOMIC FOREIGN POLICY OF THE UNITED STATES. Benjamin H. Williams. McGraw-Hill, 426 pp., $4. Background discussions for the new international trader.

SOVIET UNION YEAR-BOOK, 1929. Obtainable through Amtorg Book Department, New York. 624 pp., $2. Provides business with information on economic and political life of the U. S. S. R.

500 BUSINESS MAGAZINES CLASSIFIED BY SUBJECT. (Pamphlet) Business Branch of the Public Library, Newark, New Jersey. To keep up with the times, the business man must know what, in the world of print, can help him most.

SKYLARKING: THE ROMANTIC ADVENTURES OF FLYING. Bruce Gould. Liveright, 259 pp., $2.50. Sound view of man's place in the air. Swift, terse.

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TREND and TEMPO

By Robert R. Updegraff

ARTHUR R. MACDONALD writes of a business man who visited Chicago recently and discovered something new about time.

This man made his discovery near Lorado Taft's monument, "The March of Time," which overlooks the Midway near the University of Chicago. Hour in and hour out, day and night, winter and summer, a stream of motor cars passes this monument.

MacDonald's friend had stopped to contemplate the monument and watch the surge of traffic. "It came to me," he said, "that for ages we have talked about time flying. But as I stood there by the monument watching that steady stream of traffic, I suddenly realized that time stands still—that it is the people and events and developments that fly by time."

This is reasoning in reverse English, but isn't it rather an interesting point of view?

▼

HERE is an interesting speculation: Will the traffic problem in our largest cities ultimately become so acute that no automobiles will be permitted in their congested areas? Will the automobile, which has all but crowded the common carrier off the streets, multiply until it eventually crowds itself off the streets and forces us to return to the common carrier system of transportation in the business sections of our cities, in order that any of us may be able to get about, and in order that all of us may get about with equal facility?

When we step into an office building we leave behind all personal advantage of speed, comfort or convenience and are dependent upon the building's perpendicular transportation facilities to serve us; and the elevators—some express, some local—serve all alike, millionaire and messenger boy.

May we not, some day in the future, be obliged to leave our automobiles—*all* of them, including taxis—at the gates to our great cities and make our way from there on in some modernized form of common carrier?

▼

WE hear and read much these days about how communication and transportation through the air are going to make for better international relations by bringing countries closer together and banishing boundary lines. And they will. The closer people get, in point of time and distance, the better they will come to know each other.

But I contend that to develop real friendship between peoples it is necessary that they laugh together and feel emotions together. And so I look for entertainment—universal radio and television—to picture and interpret all of us to all of us, in ways that will make us laugh and cry and feel together. It is not enough that we meet intellectually; we must meet emotionally. Such a meeting is on the way.

▼

WHEN you stop to think of it, isn't this a tremendously dramatic age?

▼

THE popular book-of-the-month clubs are having one interesting influence which perhaps few people have stopped to realize. They are placing modern novels of rather broad moral philosophy in the hands of thousands of narrow-minded people who would never select such books for themselves, but accept them matter-of-factly when the postman brings them because they are part of the year's menu and everybody else must be reading them.

It would be difficult to estimate how great the influence of the book clubs will be on our national moral and religious ideals as a result of this simple phenomenon; but one thing is sure, they are quietly working a fundamental change.

Impounding the Experience of Men

Where small streams once flowed, great dams have risen. But always the success of impounding enterprises' rests finally, not only upon the concentration of the resources themselves, but also upon the wisdom and experience that are devoted to their most effective application.

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EDITORIAL PAGE

THE BUSINESS WEEK—A McGRAW-HILL PUBLICATION

Fooling the Farmer

WHEN the Senate Committee catechized the Farm Board concerning its conduct, there is one question it should have asked, and didn't. No matter what the Senators may say, the Board has good cause for its caution about scattering credit to the co-operatives and the stabilization corporations it is fathering. The important question is: Has it been equally concerned about controlling production?

No one can quarrel with the constructive conception of its functions which the Board has carefully followed so far in fostering the formation of co-operative corporations to control the marketing of the major crops. Though it may be over-optimistic about co-operative possibilities, this is the only sound policy upon which the Board could proceed to deal with the agricultural problem on the marketing side. But there is nothing in this policy that promises any progress in approaching the problem on the side of production.

Neither the past experience of co-operative action, nor the structure of the new stabilization corporations implies any machinery for controlling or rationing the output of their members. These are, after all, the millions of individual and independent producers scattered over the countryside. They can and will go on producing anything, and as much as they please, so long as somebody stands ready to take it off their hands. If the public is willing to pay the cost of disposing of their product without limit, there will be no limit. Our agricultural productive capacity is already overexpanded. It needs more control, not more credit.

The Agricultural Marketing Act provided the Farm Board with only the vaguest powers in this direction. The sponsors of the Act were interested primarily in the government cash box. They were afraid of control. They knew what it meant—rapid and ruthless elimination of farmers, establishment of production quotas and rigid channels for inter-state distribution, regulation of co-operatives and marketing agencies as public utilities.

Without such powers, the Board and the co-operatives are merely sowing the wind to reap the whirlwind. Every increase in price which they promise or achieve must lead to increased output and to increased demand upon government credit to carry the surplus. The Board will find itself, year after year, playing an uncertain crop against world commodity markets, financing with its enormous funds a gigantic gamble. The stabilization corporations will become speculation corporations, blind pools playing with government money.

Other industries have proven that, even with close control of production through combination or co-operation, stabilization of prices is difficult; without it, impossible. Is it fair to the farmer to fool him any longer with the idea that a corporation charter and an endless supply of government credit make agriculture an exception to the rule?

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